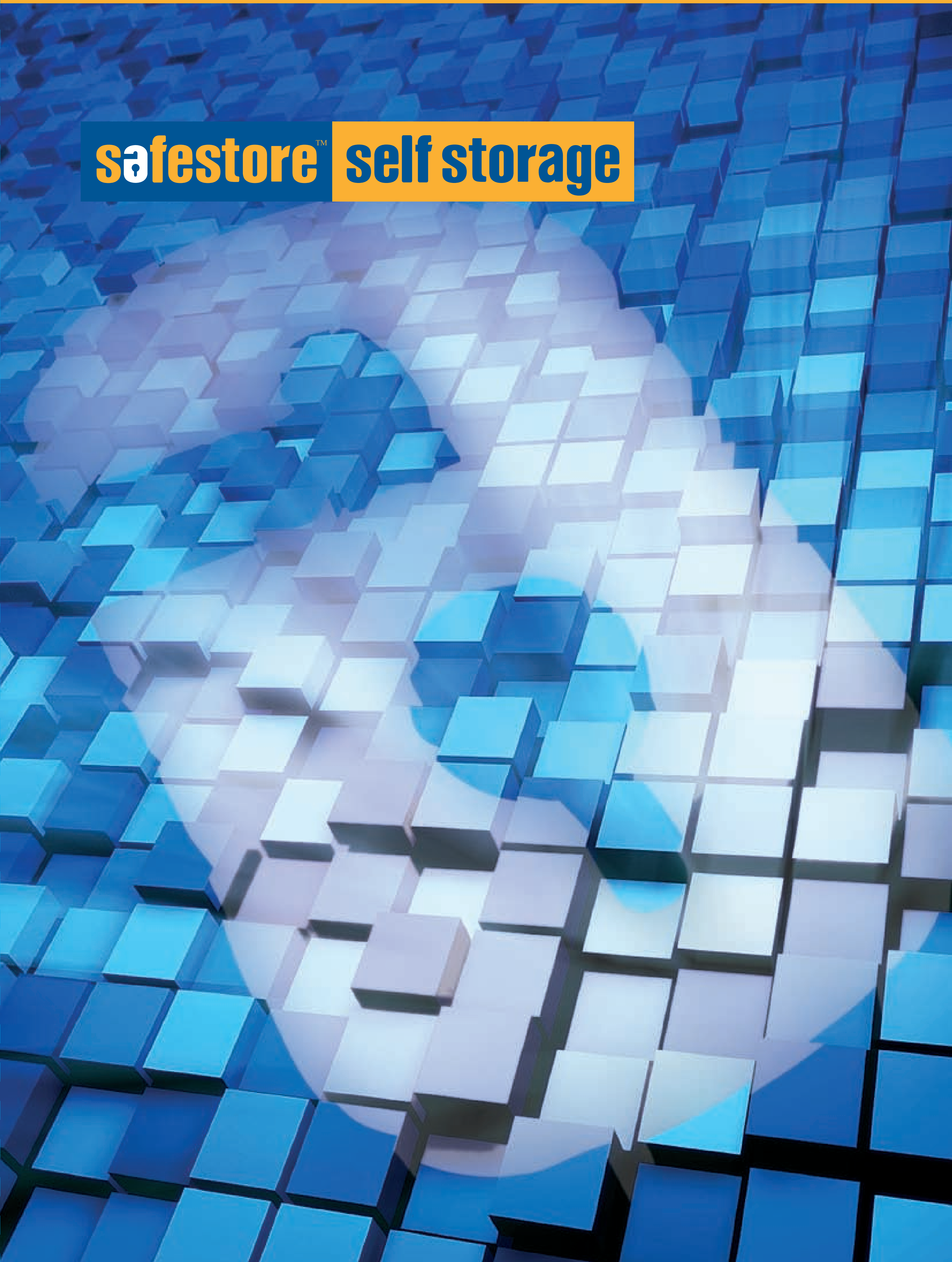
Annual Report and Financial Statements for the year ended 31 October **2008**

safestore™ self storage



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

Financial highlights

Revenue	+11.5%	Revenue has increased from £74.3 million to £82.9 million
Like for like revenue	+9.3%	Like for like revenue increased from £72.6 million to £79.3 million
Ancillary revenue	+5.2%	Ancillary revenue has increased from £10.4 million to £10.9 million
EBITDA*	+10.9%	EBITDA* increased from £40.7 million to £45.1 million
Profit after tax**	+25.5%	Profit after tax (adjusted) increased from £14.7 million to £18.4 million

* EBITDA is before exceptional items and movement on investment properties.

** Adjusted

Directors and advisors

Directors

R S Grainger	(Chairman)
S W Williams	(Chief Executive Officer)
R D Hodsden	(Chief Financial Officer)
V M L Gwilliam	(Non-Executive Director)
R W Carey	(Non-Executive Director)
A H Martin	(Non-Executive Director) (appointed 15 September 2008)

Company secretary

S Ahmed (appointed 1 May 2008)

Registered office

Brittanic House
Stirling Way
Borehamwood
Hertfordshire
WD6 2BT

Registered company number

4726380

Websites

www.safestore.co.uk
www.safestore.com

Bankers

National Westminster Bank Plc
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London, EC2M 4RB

Fortis S.A./ N.V UK Branch
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London, EC2V 7HR

Mortgage Agency Services Number One Limited
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10 Town Road
Hanley Stoke-on-Trent, ST1 2QQ

Nationwide Building Society
Commercial Division
Kings Park Road
Moulton Park
Northampton, NN3 6NW

HSBC Bank Plc
Midlands Corporate Banking Centre
8th Floor
Exchange Buildings
8 Stephenson Place
Birmingham, B2 4NH

The Governor and Company of the Bank of Ireland
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E14 5JJ

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Independent auditors

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Shareholder information

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Web: www.capitashareportal.com

Share Portal (www.capitashareportal.com)

Through the website of our Registrar, Capita Registrars, shareholders are able to manage their shareholding online by registering for the Share Portal, a free, secure, online access to their shareholding. Facilities include:

Electronic Communications

This allows shareholders to register their e-mail address on-line to enable them to receive shareholder communications such as annual and interim reports via the internet rather than through the post, as well as providing an online proxy voting facility.

Account Enquiry

This allows shareholders to access their personal shareholding, including share transaction history, dividend payment history and to obtain an up-to-date shareholding valuation.

Amendment of Standing Data

This allows shareholders to change their registered postal address and add, change or delete dividend mandate instructions.

Shareholders can also download from this site forms such as change of address, stock transfer and dividend mandate forms as well as buy and sell shares in the company.

To make use of any of these facilities, please log on to the Capita Registrars website at www.capitashareportal.com.

Should you have any queries in respect of the above facilities, please do not hesitate to contact the Capita Share Portal helpline on 0871 664 0391 (calls cost 10p plus network extras), overseas +44 20 8639 3367, or by e-mail at shareportal@capita.co.uk.

"We opened nine new stores in the year and now trade from 112 facilities with a further 11 sites in the expansion pipeline."

Chairman's statement

In my first year as Chairman of Safestore Holdings plc, the largest self storage retailer in the UK and Paris, I am pleased to announce strong results for the year ended 31 October 2008. We are happy to report that, despite the unprecedented macro economic conditions, we have delivered another year of progress both in terms of the financial performance of the Group and the continued development of the business in our key self storage markets.

We opened nine new stores in the year and now trade from 112 facilities with a further 11 sites in the expansion pipeline; firmly establishing Safestore as the market leader in both the UK and Paris.

We are confident in the long term growth potential for self storage as we continue to operate in immature markets. We have confidence in the resilience of our business model with its strong cash flows.

Financial results

Despite the increasingly difficult trading conditions witnessed during the past year, reported turnover for the year was £82.9 million (2007: £74.3 million) an increase of 11.5% compared with the prior year. Further details on the financial results for the 2008 year end are included in the Financial Review on pages 14 to 21.

The key drivers for revenue growth, and hence Earnings Before Interest, Taxation, Depreciation and Amortisation (before exceptional items and investment property movements) ("EBITDA") continue to be movements in rate per sq ft, occupancy and ancillary revenues. The average rate per sq ft increased by 11.6% to £24.06, occupancy decreased by 195,000 sq ft (6.7%) to 2.72 million sq ft and ancillary revenues were up 5.2% to £10.9 million. These movements combined with tight cost controls, have resulted in a 10.9% increase in EBITDA to £45.1 million (2007: £40.7 million). EBITDA margins have remained broadly flat with last year at 54.5% (2007: 54.8%).

In terms of the financial strength of the Company, I am pleased to report that we have a good and consistent quality of cash flow together with a large element of discretionary spend within the capital expenditure budget which, in the opinion of the Board, leaves the Company in a good position with which to meet its current commitments. Since the year end, we have also raised a new €60m term debt facility against our French assets which has enabled our French business, Une Pièce en Plus ("UPP"), to have its own financing for future developments whilst also partially repaying the intercompany funding back to the UK. Both the UK and French bank facilities are in place until July 2011.

Property Valuation and Net Asset Values

As at 31 October 2008, the total value of the Company's property portfolio was £638.7 million, up £54.9 million from £583.7 million at 31 October 2007 although £6.1 million lower than the half year valuation of £644.7 million at 30 April 2008. This valuation has been delivered despite a 74 basis point ("bps") outward shift in exit yields during the second half of the financial year. The valuation uplift seen during the year is due to the opening of nine new stores in the year and the financial out performance of the existing trading stores which has compensated for the outward movement in property yields.

Dividend

The Board are pleased to recommend a final dividend of 3.0 pence per share bringing the total dividend to 4.65 pence per share for the year. We consider the level of dividend recommended represents the right balance between dividend growth and new store organic growth and it further demonstrates the Board's confidence in the Safestore business model.

People

The Group recognises the significant role our people play in the success of the business and we strongly believe that it is our strength in this area that sets Safestore apart. We are committed to training and developing our staff. I would like to take this opportunity to thank all my colleagues throughout the business for their hard work and dedication this year.

I would also like to thank my predecessor, John von Spreckelsen, for all his efforts on behalf of the Company during his four years as Chairman, particularly during the period of our market listing.

Outlook

Safestore's robust performance against the background of a difficult economic climate reflects the strong retail and operational expertise of our executive team. While Safestore is not immune to the broader economic downturn, the resilience of the Company's performance demonstrates its wide cross section of both domestic and business customers and that Safestore is not wholly reliant on the housing market.

Despite the difficult trading conditions the business has again produced strong cash flow and quality earnings underpinned by a large and diverse customer base where average length of stay for current customers has increased from 80 weeks to 91 weeks year on year.

In light of the current conditions, the Board of Safestore has taken steps to manage the business on a more conservative basis but with the flexibility to respond once we see signs of recovery in the wider market. New store openings remain on track and we will continue to invest and acquire new stores in first class locations provided the cost is in line with market conditions. We have re-phased our opening schedule for the current pipeline, anticipating that we will open around four to six new stores annually for the next two years rather than the seven to ten stores previously planned. We believe this action is prudent in the current climate.

We have seen an improvement in trading year on year since the year end which is traditionally our weakest quarter. We are particularly encouraged by the performance over the past eight weeks.

The Board believes that Safestore is well positioned to withstand the downturn in the economy and, leveraging upon the advantages of its flexible business model, market leading position and operating expertise, is ideally placed to make best use of potential opportunities within the market to emerge in an even stronger position.

Richard Grainger Chairman

20 January 2009

"We have confidence in the resilience of our business model with its strong cash **flows."**

Chief Executive's review

Introduction

I am pleased to report another year of excellent progress for the Company since its flotation two years ago. The strong combination of a retail-led business with a significant property asset base has consistently delivered high quality cash flow and earnings.

Against a backdrop of deteriorating consumer confidence in the wider economy, revenues for the year ended 31 October 2008 rose by 11.5% to £82.9 million (2007: £74.3 million) with like for like store revenue increasing by 9.3% to £79.3 million (2007: £72.6 million).

The key drivers for revenue growth continue to be movements in rate per sq ft, occupancy and ancillary revenues. During the period:

- Average rate per sq ft increased by 11.6% to £24.06
- Occupancy decreased by 195,000 sq ft (6.7%) to 2.72 million sq ft
- Ancillary revenues were up 5.2% to £10.9 million.

These movements combined with tight cost controls, resulted in a 10.9% increase in EBITDA (before exceptional items and investment property movements) to £45.1 million (2007: £40.7 million). EBITDA margins have remained broadly flat at 54.5% (2007: 54.8%).

Operating Review

Safestore's strong operational and retail expertise continued to see the business deliver good returns during the period in this most unprecedented of years. Building upon its successful operational track record, within the UK Safestore focused on successfully improving rental rates per sq ft and expanding its ancillary sales revenue to mitigate against the relative effects of the softening in domestic occupancy, especially from house moving customers. In France, the Company achieved consistently strong results across all the key metrics.

Rates

The Company continued its trend of successfully improving rental rates per sq ft while offering customers excellent value for money. Through its mixture of micro managing pricing and space utilisation, coupled with operational efficiency within each store, Safestore successfully drove revenue increases by improving its average rate per sq ft by 10.3% to £29.68 in London (2007: £26.92) and 8.0% to £19.22 in the rest of the UK (2007:£17.80). In Paris, this increased by 25.1% (8.5% in constant currency) to £26.20 (2007: £20.94).

Occupancy

At the year end occupied space was 2,716,000 sq ft, down 6.7% from 2,911,000 sq ft at the same time last year.

During the period under review we have seen an uncertain economic environment and an almost total freeze on borrowing resulting in a moribund housing market and a difficult trading climate for small businesses. This environment has led to some changes in both the mix of new customers and unit sizes.

We continue to see good levels of enquiries and new lets from business customers who require the flexible solutions that self storage provides. We believe that this is due to a combination of factors including the relative low entry costs, the ability to upsize and downsize the unit in line with their business demand, not having to commit to long lease terms and our ability to offer a truly national service. Our business customers, who at the year end represented 29% of our total customer base and 52% of our occupied space, typically occupy larger rooms, and have remained relatively resilient, benefiting from the flexibility and convenience of self storage in the current climate.

There is a wide cross section of drivers for domestic customers to use storage and while we have seen a downturn in demand from customers within the owner occupied sector, we have seen an increase in customers within the rental sector. The level of enquiries from event driven customers has also remained relatively strong. In addition we have also seen a significant shift in customers who simply need more space. These customers are a mix of those deciding not to move or cannot move in the current environment but who require extra space, customers downsizing or moving into rented accommodation as well as those looking to create an extra room in the home. We are also starting to witness an increase in customers where the home has been repossessed and they require space for their furniture and household items.

The change in customer mix has resulted in customers staying longer and a reduction in the average unit size rented which generates a higher yield per sq.ft. The average length of stay for current customers in the UK has increased to 91 weeks at the year end from 85 weeks in April 2008 and 80 weeks in October 2007. The average occupancy in UPP is even longer being 110 weeks at 31 October 2008.

Ancillary Revenues

Ancillary revenues, which primarily consists of insurance and merchandise sales increased by 5.2% to £10.9 million (2007: £10.4 million).

Retail Store Portfolio

Safestore has retained its No.1 position in the UK and Central Paris in terms of number of stores. At the year end the Company had 112 stores of which 91 (including three business centres) were in the UK and 21 in Paris:

• 15 of these stores were classified as new (open for less than two full financial years)

• 62 established (open for more than two years, but not prior to 1998)

• 35 mature (pre-1998)

The geographical breakdown includes 36 stores in London, 55 in the rest of the UK and 21 in Paris. The right balance between the various categories provides good solid cash flows in the mature stores with earnings similar to annuities, while the established and new stores deliver real growth upside.

"Safestore has retained its No.1 position in the UK and Central Paris in terms of number of stores"

We have continued to invest in the existing store portfolio adding new storage space, further improving security and making general improvements to the ambience of the storage and reception areas. This investment will enable the business to reduce capital expenditure in 2009. We will invest where we consider that it will improve revenues and EBITDA at the appropriate level of return.

New Store Openings

During the year, we opened nine new stores; three in London (Crayford, Chingford and Hanworth), two in Glasgow (Dobbies Loan and Rutherglen) and one each in Paris, Cheltenham, Bristol and Sunderland. Six of the nine newly opened properties are purpose built facilities and the remaining three have been highly specified conversions. The new stores have made a promising start and are trading ahead of expectations.

We currently have a pipeline of 11 stores (including two relocations) four of which are in Greater London and one in the Greater Paris area. Five of these stores are planned to open in 2009 providing new stores in London, Cardiff, Ipswich, Leicester and Paris.

Ten of the 11 expansion stores will be new purpose built facilities and 10 of them are freehold while the remaining store is a long leasehold. We currently have planning permission for eight of the 11 stores.

These expansion stores will deliver approximately 0.6 million sq ft of additional net lettable space, representing 11% of the overall portfolio of approximately 5.4 million sq ft when fully fitted out.

We aim to maintain our market leadership by a measured approach to organic growth maintaining an opening programme of new stores in priority locations with strong projected returns. Furthermore, we have aligned our growth programme to our objective of preserving cash in the challenging economic climate by moving from up to ten store openings per annum to between four and six. We believe this strikes the right balance between growing the business and prudently managing our capital expenditure. This is underpinned by our policy of remaining flexible in terms of size of store and tenure; which we believe gives us an advantage over some of our competitors. This further has the benefit of reducing the level of capital expenditure required. While organic new store openings remain our priority, the Company will continue to consider and review any acquisition opportunities as they arise provided they meet our strategic objectives and represent the appropriate return on investment.

Geographic Spread

The geographical spread of stores in London and across the UK in the major towns and cities, together with our strong presence in Central Paris provides Safestore with a clear competitive advantage and a good defensive quality to the portfolio, given that the Company's exposure to any one particular market is limited particularly in the current environment.

The recent store openings have further improved the quality of the store portfolio both in terms of geographical spread and the balance between new, established and mature stores.

Our French business, UPP, which now trades from 21 stores in the Paris region, the second most developed self storage market in Europe after London, has continued to deliver strong growth during the year. The strategy is similar to that of the UK in that we look to cluster our stores. The addition of another store in the second half of 2009 at Longpont, will further consolidate our market-leading position in this important and growing market.

Maximum Lettable Area ("MLA") and Occupancy

Our 112 stores provide 4.89 million sq ft of MLA of which 4.03 million sq ft is in the UK and 0.86 million sq ft in France. At 31 October 2008, 2.72 million sq ft was let, of which 2.08 million was in the UK and 0.64 million in France. Average occupancy compared to MLA was 56.9% for the Company with London at 62.8%, Paris at 72.7% and the rest of the UK at 48.1%. The average occupancy percentage is affected by the increased number of new stores (year on year), the number of large stores which have a built out area in excess of 60,000 sq ft and the prevailing economic conditions.

Tenure

As demonstrated by the table below, the Company has historically adopted a flexible approach to tenure of new stores with location, visibility and accessibility taking higher priority on site appraisals. We are aware of the perceived risk that leaseholds bring and therefore keep the development in balance with a preference to trade at around two-third freeholds to one-third leaseholds in the medium term. The Company's approach provides the twin advantages of Safestore being able to extend its offering in areas where freeholds are not available while providing flexibility in terms of competing for new sites. Within leaseholds, Safestore focuses on enhancing operating cash flow and has found that these stores trade as profitably as freeholds.

Existing Portfolio	UK*	% of Portfolio	France	% of Portfolio	Total	% of Portfolio
Freehold/ Long Leasehold	56	62%	7	33%	63	56%
Short Leasehold	35	38%	14	67%	49	44%
Total	**91**		**21**		**112**	

Expansion Stores Pipeline as at 31 October 2008	UK	% of Portfolio	France	% of Portfolio	Total	% of Portfolio
Freehold/ Long Leasehold	10	100%	1	100%	11	100%
Short Leasehold	–	–	–	–	–	–
Total	**10**		**1**		**11**	

** Short leaseholds in the UK are stores with leases of 25 years or less. The average remaining tenure is 14.75 years and we have three leases due for renewal in the next five years, two of which are earmarked for relocation.*

delivering results

Estate and Asset Management

We manage the estate in-house supported by external property expertise when required. We actively manage the portfolio with a view to enhancing value through more intense use of land and looking to create value through development potential. During the period we have extended the lease on our Convention store and have bought the freehold of our Arcueil store in Paris, which has enhanced the value of these stores. We continue to review opportunities to buy the freehold of leasehold stores or to extend leases where appropriate and prudent.

Property - Net Asset Value

At 31 October 2008 Cushman & Wakefield LLP ("C&W") has valued the portfolio at £638.7 million, a year on year increase of £54.9 million (+9.4%) although £6.1 million (-0.9%) down from the half year valuation dated 30 April 2008.

The properties are valued on the basis of market value as fully equipped operational entities having regard to trading potential. The valuation is carried out on a discounted cash flow basis. Freeholds are assessed on the basis of 10 years' trading and then disposal, the disposal price based on projected net operating income at Year 10 capitalised at the projected exit yield. Leasehold properties are valued on the basis of the value of the net operating income for the remaining life of the lease.

Increasing yields in the wider property market are reflected in the valuation with average freehold exit yields increasing from 7.12% to 7.88% (76 bps) over the year, though the majority of this yield-shift, 74bps, has occurred in the second half of the financial year.

A more detailed analysis of the valuation movements is provided in the Financial Review.

Retail and Operational Focus

Safestore was the first self storage operator to recognise that the self storage industry was a customer led, retail service proposition and, as such, has first mover status in a number of customer facing service initiatives. We believe that this, combined with the micro management of pricing and our space management techniques, has been instrumental in delivering continual revenue and EBITDA growth.

Retail practices that are implemented within our business model include the micro management of the individual stores whilst retaining a strong element of central control. Within Safestore there are 15 people within the operations team all dedicated to the store and store teams performance who are supported by specialists within retail operations, marketing, HR and IT as well as the finance and property functions.

Echoing retail best practice, customer service remains another area of key focus and a significant differentiator in why people chose one self storage company over another. We have continued to make a significant investment in this area and have devoted considerable time to improving the quality of the customer experience through our customer service reports (led via mystery shoppers) in our stores across the UK and France.

We have further enhanced our retail credentials in the second half of the year by setting up local and national strategic alliances and joint promotional affiliations. These include associations with the UK's largest retailer Tesco, home improvement company Wickes as well as Europcar, eBay and DHL. We will look to work with other businesses that can jointly benefit from strategic alliances and promotional offers.

The focus during 2009 will be to increase the level of enquiries and to improve call capture and conversion rates. This will be delivered by a commitment to further improve our comprehensive training programme and the level of customer service while continuing to offer a value for money proposition supported by our 'Lowest Price Guarantee'. Safestore has consistently led the industry in applying innovative customer offers and services and this, along with a clear but flexible and responsive approach will be central to our operational strategy in 2009. The aim will be to continue to be competitive whilst maintaining margins at the appropriate level.

Marketing

The Company is committed to ensuring that it maintains its leading market position. During the period under review, the Company has concentrated on targeted marketing activities specifically in relation to the internet, which is the largest contributor to new enquiries.

We consider the growth in web traffic as a significant competitor advantage for the larger well branded and well funded self storage operators. As a result, we have continued to focus on the web particularly in relation to search engine optimisation and the navigation of the web site. Conversion of enquiries via this method is more challenging than the traditional method of the telephone and walk in enquiries but we have seen significant improvements in our ability to convert these customers during the year.

During the period we have also improved our French web site and search engine optimisation which has resulted in a significant increase in web traffic.

The exercise on improving signage and exterior illumination is now largely completed and has resulted in signage still being a major contributor to new enquiries.

We have continued to reduce our commitment to directories as the number of enquiries from this medium continues to diminish. It is however still an important source of enquires, particularly in some parts of the UK and will therefore continue to command a significant, if lessening percentage of our marketing spend.

We will be adapting our marketing campaigns during 2009 in line with trading and any specific trends that start to emerge. The overall investment in resource and expenditure will be continued during 2009 with approximately 4% of group revenue budgeted for the marketing activities in the financial year.

Real Estate Investment Trusts ("REITS")

We continue to examine the possibility of converting our business into a REIT, but as we have previously highlighted, we currently benefit from carried forward tax losses, and, whilst we can utilise these tax losses there is no real benefit from conversion at this time. We will continue to monitor the position and consider conversion to a REIT at such time as it would be financially advantageous to our shareholders to do so.

Security

Security of our premises, customer contents, customers and employees remain a top priority of the Company. Safestore has a risk manager who is focused on all aspects of security and health and safety. We constantly review all our processes and procedures to ensure that we provide the highest levels of security and safety within our stores for both our customers and employees. This is a crucial element of the service we provide to our customers, who leave their valuables within our care. Many customers continue to see this as their highest priority and an important factor in determining which self storage company they choose. It also ensures that we are focused on protecting the assets of the business.

We continue to invest heavily in security technology within our new stores and the existing estate. The elements of security include automated swipe card entry, mechanised gates and doors, additional digital cameras and monitors and increased lighting. We work closely with the appropriate authorities in the UK and France and the Self Storage Association.

Safestore has a strict policy in monitoring all new customers and has clear signage on goods that cannot be stored within the buildings.

Systems

Safestore places great importance on its IT systems and associated business procedures, strongly believing that leading the sector in this area gives the Company significant competitive advantage.

We have continued to invest in our infrastructure where necessary including the creation of a disaster recovery site with suitable infrastructure to host our key business functions for both the UK and France. As part of this project we installed higher bandwidth fibre to both locations providing a network which is sufficient for our current needs whilst being fully scalable for the future.

A major focus of the past year was the increased automation of previously manual processes including invoicing by email, price automation and real-time links to our website. The latter providing the ability to deliver prices to our website in a safe and secure manner plus the tools for our customers to manage their accounts online.

The IT team continues to enhance reporting through leveraging our in-house experience of the business and knowledge of our underlying data structures. Regular reports are generated in a consistent and timely manner then published via the Company intranet.

During the year we met with several significant self storage companies in the United States during a fact-finding trip. This gave the company the opportunity to see what systems and processes are used in a more developed marketplace. Whilst there were many learning points, we are satisfied that our foundation systems are sound. Following this we have formulated a clear vision for the future of our IT, maintaining our competitive advantage through best in class systems and procedures.

Our IT function consists of the Head of IT and a team of three people in the UK plus one other person in France.

Corporate and Social Responsibility

Accountability for Corporate Social Responsibility is placed at the highest level within our business with the Board being directly accountable for the strategic approach and its implementation, supported by senior management. By placing ownership at Board level our Corporate Social Responsibility commitment is closely aligned with our core business values and fully embedded in our culture.

We believe that the most effective Corporate Social Responsibility programme is supported by good corporate governance. This is fundamental in everything we do, with the added benefit of providing leverage for further competitive advantage. We have programmes in place across the Estate to ensure compliance with legislative requirements and where possible seek to exceed the laid down guidelines.

Safestore has a responsibility to all our stakeholders. To ensure that we meet their internal and external needs our programme focuses on 4 key stakeholders groups. These are; our marketplace (and shareholders), our people, our environment and our community.

Our Marketplace

Our investors and bankers provide capital for the business and we aim to keep them informed on a regular basis through a variety of media including the investor web site and quarterly updates. We provide a service to the local community with the majority of customers living within five miles of their local store. Communicating with our customers and fully understanding their needs is very important to us. The Board receives and reviews customer feedback from independent surveys specifically undertaken on behalf of the Group. We achieve this through customer surveys and encouraging customer feedback. We continually improve the quality of our customer-facing materials and we were also delighted to participate in the National Customer Service Week.

Our People

We are highly committed to communicating with, developing and seeking feedback from our people. This year senior management conducted bi-annual road shows for all staff and listening lunches at Head Office including updates on Corporate Social Responsibility. In addition we obtain regular feedback and suggestions from staff on Corporate Social Responsibility initiatives through the use of staff bulletins, magazines and intranet surveys.

Our Environment

During the period we have continued to work on our green initiative project. Successes include, the evolution of our recycled and recyclable box range backed up by our 'box for life' scheme, the launch of biodegradable bubble wrap and starch based void fill together with the utilisation of green outer packaging materials across 44% of our range.

Our carbon footprint project, conducted by Temple Group a specialist environmental consultancy provided a baseline to further enhance our green practices across our Estate. We are delighted to have launched cardboard waste recycling facilities across all stores whilst also taking major steps on energy efficiency with the installation of photocells in 23 stores and the utilisation of 'greentricity' in 86% of our Estate.

Our Community

We proactively engage with the local communities in which our stores operate and support a range of charitable causes and local community groups. This year saw the launch of our 'Charity Room in Every Store' programme providing ongoing free storage to a registered charity in every store. Our stores also have space which can be made available in the event of a local, national or global emergency.

We are keenly aware of any impact that our new stores may have on the local community and the environment and strive to ensure that we develop energy efficient stores to a high specification.

Our Board led strategy enables us to deliver long term sustainable results to each of our stakeholder groups, with a positive net impact. We look forward to continuing to evolve our business in this challenging economic climate and will continue to drive our Corporate Social Responsibility programme to deliver added value to our stakeholders for the year ahead.

Personnel

During the year, John von Spreckelsen retired from the Board as Chairman. We would like to extend our gratitude to John for his leadership and contribution over the last four years.

Richard Grainger, who was a Non-Executive Director ("NED") of the Board, was appointed Chairman on 27 March 2008. We are pleased to announce that the Board has been further strengthened by the appointment of Adrian Martin as a Non Executive Director. The appointment has given the Board additional experience in a number of key areas including corporate governance and has further added to the existing strong backgrounds the Board has in retailing, property, corporate finance and the service industry.

The senior management team has a wealth of experience in a number of sectors and a proven record of accomplishment within the self storage industry for improving existing operations as well as turning around acquired underperforming businesses. It is the only management team in the UK self storage sector with the proven expertise to successfully acquire and integrate a number of other self storage businesses both in the UK and Europe, whilst realising their growth potential. This gives the Company confidence to continue to build its market leading position as a first class self storage provider in addition to having the knowledge and expertise with which to best take advantage of any opportunities that may arise in the current market.

The Company is pleased to announce that during the year Safestore won a national training award which reflects the hard work and commitment of our employees. Safestore is recognised as an 'Investor in People' employer.

On behalf of the Board I would like to thank all our people throughout the UK and France for their continued commitment and support.

Outlook

Despite the difficult trading conditions the business has again produced strong cash flow and quality earnings underpinned by a large and diverse customer base where average length of stay for current customers has increased from 80 weeks to 91 weeks year on year.

We have seen an improvement in trading year on year since the year end which is traditionally our weakest quarter. We are particularly encouraged by the performance over the past eight weeks.

The Board believes that Safestore is well positioned to withstand the downturn in the economy and, leveraging upon the advantages of its flexible business model, market leading position and operating expertise, is ideally placed to make best use of potential opportunities within the market to emerge in a stronger position.

S W Williams Chief Executive Officer

20 January 2009

Financial review

International Financial Reporting Standards ("IFRS")

This report is prepared in accordance with IFRS together with further details on the key performance measures.

Results of Operations

The table below sets out the Group's results of operations for the year ended 31 October 2008 (Financial Year 2008) and the year ended 31 October 2007 (Financial Year 2007), as well as the year on year change.

Year ended 31 October	2008 £'000	2007 £'000	% Change
Revenue	**82,875**	74,303	11.5%
Costs of sales	**(25,640)**	(23,469)	(9.3%)
Gross profit	**57,235**	50,834	12.6%
Administrative expenses	**(12,233)**	(9,474)	(29.1%)
Operating profit before gain on investment properties	**45,002**	41,360	8.8%
(Loss)/gain on investment properties	**(8,313)**	81,264	
Operating profit	**36,689**	122,624	(70.1%)
Net finance costs	**(21,762)**	(19,006)	
Profit before income tax	**14,927**	103,618	(85.6%)
Income tax expense	**(2,414)**	(25,433)	
Profit for the year	**12,513**	78,185	(84.0%)

Revenue

Revenue for the Group consists primarily of revenue derived from the rental of self storage space, ancillary products such as insurance and merchandise (such a packing and storage products) in both the UK and France.

The table below sets out the Group's revenues by geographic segment for the Financial Year 2008 ("FY08") and Financial Year 2007 ("FY07").

Year ended 31 October	2008 £'000	% of Total	2007 £'000	% of Total	Change
United Kingdom	**65,723**	79.3%	61,440	82.7%	7.0%
France	**17,152**	20.7%	12,863	17.3%	33.3%
Total revenue	**82,875**	100.0%	74,303	100.0%	11.5%

The Group's revenue increased by approximately £8.6 million (an increase of 11.5%) from £74.3 million in FY07 to £82.9 million in FY08. As covered in the Chief Executive's Report, the key drivers for revenue growth have been the decreases in occupancy (loss of 195,000 sq ft year on year) offset by the growth in average rate per sq ft (growth of 11.6%) and ancillary revenues (growth of 5.2%). It is pleasing to report that both the UK and France have contributed significantly to the overall increase in revenue in the year. It should be noted that we have benefited from foreign exchange gains during the year with an average rate of €1.30:£1 for FY08 against an average rate of €1.48:£1 for FY07. £2.1 million or 25.0% of the year on year revenue increase in the year is directly attributable to the foreign exchange gain.

Cost of sales

Cost of sales principally consists of staff salaries, business rates, utilities, insurance and repairs and renewals. The Group's cost of sales increased by £2.2 million or 9.3% from £23.5 million in FY07 to £25.6 million in FY08. The main reasons for the increase in the year are additional costs relating to the new stores opened in the year and the full year impact of stores opened in the second half of last year (especially in the area of business rates) together with the higher levels of business this year on last, the impact of the exchange movement in the Euro, and general inflationary pressure.

Administrative expenses

Administrative expenses consist principally of directors' salaries, head office salaries, professional fees, public company costs, marketing and advertising expenses. The Group's administrative expenses were affected by exceptional items last year. Administrative expenses increased by £2.8 million or 29.1% from £9.5 million in FY07 to £12.2 million in FY08. The increase is partly driven by the non-recurrence of the £0.8m exceptional benefit included in administration costs in FY07 together with the increased marketing spend and the higher professional fees and public company costs for being a plc for the full financial year.

"it is pleasing to report that both UK and France have **contributed significantly** to the overall increase in revenue in the year"

EBITDA before exceptional items and movements on investment properties

EBITDA before exceptional items and movements on investment properties is calculated as follows for Financial Year 2008 and Financial Year 2007:

Financial Year	2008 £'000	2007 £'000
Operating profit	**36,689**	122,624
Add back loss/(gain) on investment properties	**8,313**	(81,264)
Plus: depreciation	**143**	123
Less exceptional items	**-**	(758)
EBITDA before exceptional items	**45,145**	40,725

The Group's EBITDA before exceptional items and movement on investment properties increased by £4.4 million or 10.9% from £40.7 million in FY07 to £45.1 million in FY08. This increase principally reflects the increase in revenues discussed above partly offset by the higher cost base in FY08.

Exceptional items

Financial Year	2008 £'000	2007 £'000
IPO related costs	**-**	(2,157)
Release of IFRS 2 cost of shares provision	**-**	3,222
Other exceptional items	**-**	(307)
Exceptional income	**-**	758

As noted above there are no exceptional items in the current financial year. The exceptional items in FY07, which net out to a credit of £0.8 million reflect the costs of the IPO taken to the income statement (£2.2 million), a credit of £3.2 million being the release of an overprovision from IFRS 2 costs in Financial Year 2006, and the other exceptional charges of circa £0.3 million which mostly relate to costs associated with the residual pension scheme.

(Loss)/gain on Investment Properties

The (loss)/gain on investment properties consists of the fair value revaluation gains and losses with respect to the investment properties under IAS40. The Group's loss on investment properties was £8.3 million in FY08 compared to a gain of £81.3 million in FY07. The movement reflects the combination of yield movements within the valuations together with the impact of changes in the cash flow metrics of each store. The key variables in the valuations are rate per sq ft, stabilised occupancy, number of months to reach stabilised occupancy and the yields applied. This is explained further in the property section below.

Operating Profit

Operating profit decreased by £85.9 million or 70.1% to £36.7 million for FY08 from £122.6 million in FY07. This movement reflects the 10.9% increase in the EBITDA before exceptional items and movement in investment properties generated through the trading movements throughout the year which is offset by the £89.6 million negative movement in the (loss)/gain in investment properties.

Net Finance Costs

Net finance costs consist of interest receivable from bank deposits as well as bank interest payable and interest on obligations under finance leases as summarised in the table below.

The bank interest receivable reflects the lower cash balances held throughout this financial year due to the increased capital expenditure programme.

Bank interest payable is stated after capitalising interest of £1.7 million (FY07: £nil) following the early adoption of IFRS 21. It is pleasing to note that, despite the quantum of debt increasing year on year, the underlying debt charge has only increased very moderately. Since the year end we have seen a considerable decrease in the rates of LIBOR which will benefit the Group through next year as approximately 35% of the net debt at 31 October 2008 is floating.

At the year end the all in cost of capital for the Group was around 6.1% although this is estimated to have fallen to around 5.3% at today's date.

The interest on obligations under finance leases reflects part of the costs of the property rental payments traditionally charged to cost of sales under UK GAAP. The total charge for rent under UK GAAP in Financial Year 2008 was £10,682,000. The balance of £3,991,000 has been offset against the gain on investment properties.

The Company has a £237 million senior debt facility provided by a syndicate of six banks: a £60 million capex facility which is provided jointly by Royal Bank of Scotland and HSBC and a £5 million working capital facility provided by National Westminster Bank. At 31 October 2008, the Company had drawn the senior facility in full, £41.0 million of the capex facility and £4.0 million of the working capital facility. The Company has sufficient operating cash flow and available facilities to meet its development pipeline commitments.

Financial Year	**2008 £'000**	2007 £'000	% change
Bank interest receivable	**827**	1,381	(40.1%)
Bank interest payable	**(15,898)**	(17,071)	6.9%
Interest on obligations under finance leases	**(6,691)**	(3,316)	(101.7%)
Net finance costs	**(21,762)**	(19,006)	(14.5%)

Under the terms of the facility documents, Safestore pays interest at LIBOR plus a margin. The Company has taken out an interest rate hedge swapping LIBOR on £178 million of the debt at 5.24% which runs until June 2011. The Company pays a margin ratchet between 90 basis points and 125 basis points dependent upon the Interest Cover Ratio.

We are pleased to announce that the Group has raised a new €60m facility in France with security taken against the freehold French stores as well as a business and share pledge. The facility carries a margin of 175 basis points over EURIBOR, with a downwards margin ratchet introduced from year 2, and runs co-terminus with the existing UK facilities to July 2011.

All of the above gives significant comfort on the expected financing costs over the remaining 2½ years of the existing facilities.

Gearing

Net borrowings, excluding finance lease obligations, at 31 October 2008 stood at £270.9 million up from £227.6 million at 31 October 2007 which reflects the investment in the store roll-out programme throughout the financial year. During this time net assets increased by £7.9 million or 3.2% to £255.8 million at 31 October 2008 from £247.9 million at 31 October 2007. The net impact is that gearing levels increased to 105.9% at 31 October 2008 from 91.8% at 31 October 2007.

Dividend

Given the strong cash flow characteristics of the business model, the robustness of our funding and future commitments, the Board is pleased to recommend a final dividend of 3.0 pence per share bringing the total dividend to 4.65 pence per share for the year. We consider the level of dividend recommended represents the right balance between dividend growth and new store organic growth and it further demonstrates the Board's confidence in the Safestore business model.

Income tax

Income tax expense decreased by £23.0 million or 90.5% to £2.4 million for FY08 from £25.4 million for FY07. Income tax expense recognised principally reflects deferred tax on investment property movements on the balance sheet. Actual tax paid in each period was insignificant due to the availability of carried forward tax losses in both the United Kingdom and France. It should be noted that the charge this year is after crediting £1.2 million which is non-recurring and arises primarily from a re-assessment of deferred tax applicable in the UK and France.

Profit for the year ("Earnings")

Profit for the year decreased by £65.7 million or 84.0% for FY08 to £12.5 million from £78.2 million for FY07.

Adjusted earnings, which is the earnings figure above with investment losses/gains, exceptional items and the tax thereon added back has however increased by £3.7 million or 25.5% to £18.4 million for FY08 from £14.7 million for FY07. Further details of this are given in note 9.

Property valuation

C&W has again valued the Company's property portfolio. As at 31 October 2008, the total value of the Company's portfolio (including £1 million of owner occupied properties) was £638.7 million.

This represents an increase of £54.9 million (9.4%) over the £583.7 million valuation as at 31 October 2007. Of this overall increase in value £44.4 million derives from the addition of nine new stores in the year with the balance of £10.5 million being derived from the existing store portfolio.

There are several factors influencing the year on year valuation movement of the existing store portfolio and, as such, we should consider the UK and France separately:

• Taking the UK first, the existing store valuation shows a £17.2 million valuation reduction compared to October 2007. We estimate that capital movements account for a £45.6 million reduction in the valuation but this is partially offset by a £28.4 million uplift generated from operational/cash flow movements in the valuations.

• Around £8.7 million is directly attributable to foreign exchange movements translating the UPP valuations at the respective year ends.

• The French existing store valuation shows a same currency, year on year increase of €24.0 million, or £19.0 million. Of this increase £6.0 million is derived from the acquisition of the freehold interest of one of the trading stores while the balance of £13 million has been driven by operational/cash flow movements which have, in France, more that offset the negative impact of the capital movements.

The valuation at 31 October 2008 is £6.1 million down on 30 April 2008. New stores have delivered around £13.7m of additional value in the second half of the year with the like for like portfolio therefore delivering a valuation decrease of around £19.7 million (-3.1%). The existing UK store portfolio has delivered a reduction of £31.0 million (-5.5%) in the second half of the year which is partly offset by a


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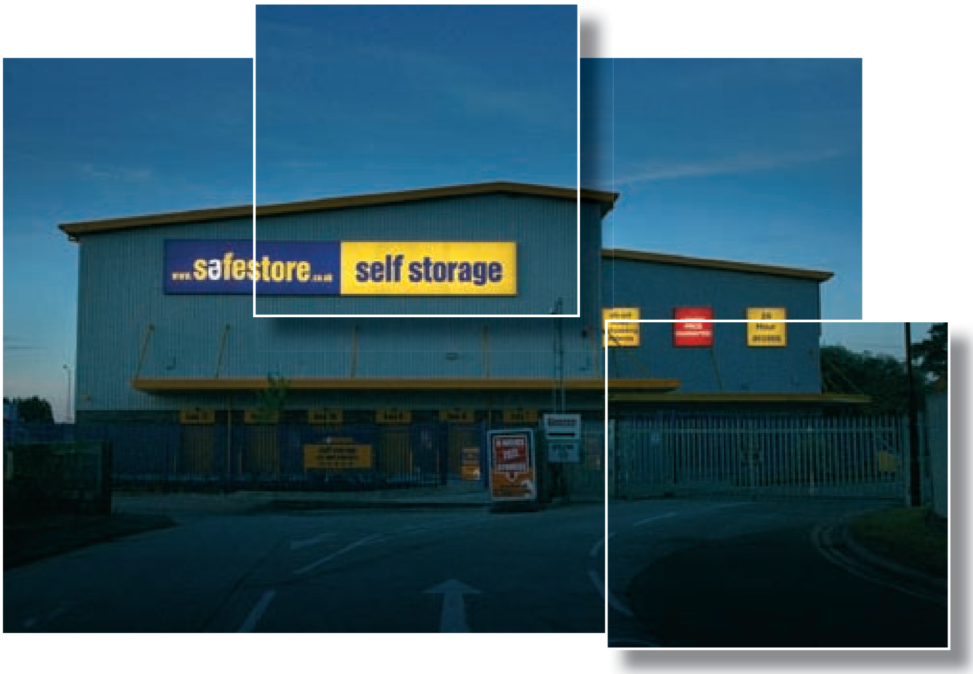
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£10.9 million gain in France (with very little exchange gain in the second half this has been almost exclusively delivered through operational/cash flow movements outweighing the capital movements in the valuations).

The Group freehold exit yield for the valuation at 31 October 2008 was 7.88% reflecting a 76 bps outward shift from 7.12% at 31 October 2007. For the UK, the exit yield reflects a 62.5 bps increase in prime yields compared to a 50 bps increase in France, the balance being made up of local conditions accounted for store by store. This reflects the marginally better economic conditions assessed for the French market compared to the UK at the valuation date.

The weighted average annual discount rate for the whole portfolio has followed a similar trend to exit yield.

At the year-end, the Company's property portfolio consisted of 112 trading stores. The freehold/long leasehold stores were valued at £489.1 million and the short leasehold properties were valued at £149.6 million. Freehold/long leasehold stores which make up 56% of the stores by number account for 77% of the valuation. The remaining 23% being attributable to the short leasehold portfolio.

The Company's pipeline of 11 expansion stores is held at cost amounting to £30.7 million.

The net impact of the valuation is for adjusted NAV per share to increase by 3.1% year on year to 202.1 pence per share (31 October 2007: 198.8 pence per share). The reduction in property valuations in the second half of the year has resulted in a reduction of 12.5 pence per share (-5.8%) in the adjusted NAV since the half year.

In their report to us, our valuer has drawn attention to valuation uncertainty resulting from exceptional volatility in the financial markets and a lack of transactions in the property investment market. Please see note 10 for further details.

Cash Flows

The following table summarises the Group's cash flow activity during the Financial Years 2008 and 2007 in accordance with IFRS:

Financial Year	**2008 £'000**	2007 £'000
Net cash inflow from operating activities	**28,286**	25,877
Net cash outflow from investing activities	**(52,181)**	(37,290)
Net cash provided by financing activities	**16,455**	20,987
Net (decrease)/increase in cach and cash equivients	**(7,440)**	9,574

"We are pleased to announce that the Group has raised a new €60m debt facility in France"

Net cash inflow from operational activities

There are two main factors influencing the £2.4 million increase in cash from operating activities in FY08 compared to FY07. Firstly, the profitability of the Company has risen as described in the income statement notes above. This, mixed with continued good working capital control, has resulted in cash generated from operations increasing by £5.8 million or 14.6% to £45.6 million for FY08 from £39.8 million for FY07. Secondly, the net interest paid has increased by £2.9 million in the year due to the increase in overall levels of borrowing, increases in base rates reigning through the majority of the year and a change in the payment profile to shorter interest periods to reduce the overall interest charge.

Net cash outflow from investing activities

Cash outflow from investing activities has increased by £14.9 million or 39.9% to £52.2 million for FY08 from £37.3 million for FY07. Whilst there are several contributing factors affecting this movement it is mostly due to the increase in expenditure on investment and development assets and the absence of the £8.4 million credit delivered from the 'available for sale financial assets' last year. Expenditure on investment and development properties in FY08 was £50.3 million, an increase of £4.8 million or 10.5% from £45.5 million in FY07 to finance the growth in the store opening programme.

Net cash inflow from financing activities

The cash flows from financing activities decreased by £4.5 million or 21.6% in FY08 to £16.5 million from £21.0 million in FY07. This has several key factors which are set out on the face of the cash flow statement.

Future Liquidity and Capital Resources

The Group anticipates funding any future small to medium acquisitions or new store developments from available cash and borrowings. Borrowings under the existing bank facilities are subject to certain financial covenants and the Group is comfortably in compliance with its covenants at 31 October 2008.

Annual General Meeting

The meeting will be held at 12:00 noon on 26 March 2009 at the Company's registered office, Brittanic House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT.

R D Hodsden Chief Financial Officer

20 January 2009

Risk management

The Company regularly assesses the risks within the Group. It is a fundamental aspect of the business and is subject to regular and ongoing reviews.

Self storage market risk

While the self storage model appears resilient to an economic and housing market downturn, we are not completely immune to macro economic factors which could impact financial performance.

We believe that our market leading position in the UK and Paris, our strong brand, depth of management as well as retail expertise and infrastructure helps mitigate the effects of any downturn.

Furthermore, the UK self storage market is still very immature, therefore, although awareness is now starting to grow rapidly there is very little risk of supply outstripping demand in the medium term. The fundamentals for people requiring self storage are also unlikely to change in spite of the threat of an economic downturn. The number of new customers using self storage tends to be lower during a housing downturn, however the average length of stay tends to increase when compared to a strong housing market, as the nature of demand changes. Our current customers have an average length of stay of 91 weeks and are spread between domestic customers and business customers. Whilst a large proportion of domestic customers' storage requirements are related to a house move it is evident by the length of stay and the large number of long term customers that there are other drivers for people to seek a self storage solution.

Our rental rates to customers are not directly correlated to property values and with more than 38,000 customers we have a relatively solid and consistent cash flow with no reliance on any one company or tenant.

Property risk

We regularly review all our properties to ensure they are legally compliant in all aspects and that each store has regular risk assessments carried out. All our properties are insured against a number of perils, events and eventualities. The cover and risk are reviewed on a regular basis.

We have a prudent approach to acquisitions and regularly review the hurdle rates in line with current and forecast market trends, therefore our exposure is limited to any corrections in commercial property values.

Our approach in acquiring four to six new stores per annum 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. It also ensures we have a good balance between investment pipeline, new stores, established stores and mature stores.

All new store acquisitions are in high visibility locations and the majority are new purpose built self storage centres. Within the existing estate, we continually review the store portfolio and invest where necessary and plan the relocation of those sites which no longer fit with the brand positioning. Three such recent examples are Eastbourne, Bolton and Southend where we have relocated or plan to relocate from first generation buildings to modern purpose built self storage centres.

The Board sets internal limits on the individual and aggregate amounts that can be invested at any one time in any proposed investment without planning permission.

Treasury risk

The Company borrows in Sterling and has an interest hedge swap which effectively fixes LIBOR on £178m of borrowings at 5.24% running until June 2011. The interest hedge swap covers approximately 65% of our net debt. The balance is currently being rolled on a monthly basis to take advantage of the rapidly falling interest rates. We will continue to keep the risk and reward on the floating element of the debt of the Group.

The Company considers the current and forecast projections of interest cover, covenant head room and cash flow as part of its monthly financial review.

There is exposure to exchange rates as we have a business in France that trades in Euros. This exposure is increasing annually as the size of the French business grows. We have looked to mitigate part of the exchange rate risk through the income statement by effectively swapping the first €4 million of profit in each of the next two financial years at a rate of around €1.25:£1. In addition to this, the introduction of Euro denominated debt provides a natural balance sheet hedge against movements in the Euro.

For the purposes of Section 417(5)(c) of the Companies Act 2006, the Facility Agreements with the Group's bankers are the only contracts or arrangements which the Board considers essential to its business.

Taxation risk

The Company is exposed to any changes in legislation in connection with the tax regimes affecting the cost of corporation tax, VAT and stamp duty as well as a number of less material impositions such as empty property relief.

We work closely with our advisors and trade bodies to fully understand the risks and look at how we can mitigate these as well as working with the relevant bodies to challenge specific proposals or current legislation that could impact the business and industry.

Liquidity risk

The Board regularly reviews the cash requirements of the Company, including the covenant position although given the nature of the product, customer base and lack of working capital requirements; liquidity is not considered as a significant risk to the business.

"All new store acquisitions are in high visibility locations and the majority are new purpose built self storage centres".

Remuneration report

Introduction

The Remuneration Report sets out the Company's policy on the remuneration of Executive and Non-Executive Directors together with details of the Directors' remuneration packages and service contracts.

This report has been prepared in accordance with Schedule 7A to the Companies Act 1985 and also meets the requirements of the Listing Rules of the Financial Services Authority. Part 3 of Schedule 7A requires designated parts of the Directors' Remuneration Report to be audited, whilst other parts are not. Accordingly, this report has been divided into separate sections for audited and unaudited information.

A resolution to approve this report will be proposed at the Annual General Meeting ("AGM") to be held on 26 March 2009.

Unaudited Information

Remuneration Committee

The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the Combined Code. The Remuneration Committee comprises three independent Non-Executive Directors, namely Roger Carey, Richard Grainger and Adrian Martin, (from 15 September, 2008). The Chairman of the Remuneration Committee is Roger Carey.

No member of the Remuneration Committee has any personal financial interest (other than as shareholders), conflicts of interest arising from cross directorships or day to day involvement in running the business. No director plays a part in any discussion about his own remuneration. The remit of the Remuneration Committee is limited to consideration of the remuneration of the Company Chairman, Executive Directors and certain members of the senior management team and to approve the long-term incentive awards granted under the schemes operated by the Company. The Remuneration Committee's terms of reference are available on the Company website at www.safestore.co.uk.

The Remuneration Committee received advice from Hewitt New Bridge Street ("HNBS") during the year. Terms of reference for HNBS, which provided no other services to the Company, are available on request from the Company Secretary.

Remuneration Policy

The Board recognises that the directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice. The Company operates within a competitive environment; performance depends on the individual contributions of the directors and employees and the Company believes in rewarding vision and innovation.

When setting Executive Directors' remuneration, the Remuneration Committee endeavours to ensure that all directors are provided with appropriate performance related and non-performance related pay to encourage enhanced performance and that they are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company.

The Remuneration Committee also considers pay and conditions elsewhere in the Company, environmental, social and governance issues and risk when reviewing executive pay quantum and structure.

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain directors of the calibre necessary to maintain and improve the Group's profitability and effectiveness and to reward them for enhancing shareholder value and return. To do this, it aims to provide a market competitive (but not excessive) package of pay and benefits. The Group's general policy is to move basic salaries towards the median of market rates and set performance pay levels which are at the upper quartile of market practice but with stretching goals which accords with the Group's general policy of seeking to make bonuses self-financing wherever possible. Remuneration packages will also reflect the director's responsibilities and contain incentives to deliver the Group's objectives.

During the year, the Remuneration Committee carried out a review of Executive Director and senior executive remuneration arrangements against the current policy and concluded that short-term and long-term incentive arrangements should be amended so as to move towards a more market consistent structure and to improve the link between reward and performance. Specifically, the bonus-linked matching arrangement (the "Safestore Bonus Share Plan" or "SBSP"), under which individuals could receive an annual bonus (part in cash and part in shares) and a share matching award, will be replaced by a more conventional separate annual bonus arrangement and, subject to shareholder approval at the AGM, a Performance Share Plan (see below).

Basic Salary and Benefits

Executive Directors' basic salaries are reviewed by the Remuneration Committee annually and when an individual changes position or responsibility. Basic salary is determined with reference to an appropriate comparator group of Real Estate and similarly sized pan-sector companies and to the individual's experience, performance and responsibility.

The Remuneration Committee reviewed basic salary levels during the year but concluded that no increases should be awarded given the current economic outlook. Current basic salaries, which are the same as last year, are presented below.

- SW Williams £275,000
- RD Hodsden £183,333

Benefits include a car allowance, life insurance and private medical and dental insurance.

Annual Bonus

Following a review of annual bonus provision, the maximum bonus potential of 120% of basic salary (paid part cash, part shares) which was available under the SBSP has been replaced by a 100% of basic salary cash arrangement for 2008/09, with bonus measures based on sliding scale profit before taxation targets and personal objectives, as set out below:

Measures	% of bonus potential
EBITDA	80%
Personal objectives	20%

Personal objectives will normally be set at the start of each financial year.

Details of actual amounts paid to Executive Directors for the year ended 31 October 2008 under the SBSP are presented within the emoluments table on page 28.

Performance Share Plan

In previous years, long-term incentives were provided through a share matching arrangement, whereby Executive Directors could receive a matching award on their annual bonus of up to 120% of basic salary under the SBSP. The size of matching awards was dependent upon the level of annual bonus awarded in the previous year and matching awards vested three years after grant contingent on continued employment and growth in average profit before tax earnings per share over that period.

A number of shortcomings were identified with the SBSP during the recent remuneration review. These include:

- The single hurdle performance condition which determined the number of matching shares which vested is contrary to best practice and ABI Guidelines;
- Post tax cash levels in the annual bonus were below market levels. Individuals were required to hold the gross number of bonus shares awarded through the SBSP for matching awards to vest and most or all of any cash bonus was required to settle the income tax and National Insurance liabilities arising on the award of bonus shares;
- The use of a bonus-linked matching arrangement can place excessive pressure on annual bonus target setting; and
- The use of a bonus-linked matching arrangement as the sole long-term incentive arrangement results in no long-term incentive provision when no annual bonus is earned (arguably at a time when incentivisation and retention are most critical).

In light of the above, it is proposed that no further awards be made under the SBSP to Executive Directors or senior executives. Outstanding awards under the SBSP will continue to vest on their original terms.

It is now proposed that a separate annual bonus arrangement (see annual bonus section above) and a new Performance Share Plan (the "PSP") be introduced in place of the SBSP. Shareholder approval will be sought for the new PSP at the 2009 Annual General Meeting and the intention is for the PSP to be the Company's primary long-term incentive plan. Under the PSP, awards will be made to Executive Directors and senior executives on the following basis:

- It is intended that the initial awards granted to Executive Directors will be made over shares worth 125% of basic salary. The PSP will have a normal maximum annual limit of 150% of basic salary, with a 200% of basic salary annual limit in exceptional circumstances such as recruitment or retention.

- The initial awards will be subject to a total shareholder return ("TSR") condition (which will apply to 1/3rd of each award) and a range of profit before tax earnings per share ("PBT-EPS") growth targets (which will apply to 2/3rds of each award), each of which will be measured over a three-year period. PBT-EPS will be calculated in accordance with UK GAAP rather then IFRS to avoid property valuations distorting performance.

- Two thirds of an initial award will be subject to the PBT-EPS condition. 25% of this part of the award will vest for PBT-EPS growth of RPI+3% p.a. with full vesting of this part of the award for PBT-EPS growth of RPI+8% p.a. A sliding scale will operate between these points.

- The remaining one third of an initial award will be subject to the TSR condition based on the Company's performance against other FTSE SmallCap companies (excluding investment trusts) as at the date of grant. 25% of this part of the award will vest if Safestore's TSR is at a median of the ranking of the TSRs of the comparator group, with full vesting of this part of the award for upper quartile performance. A sliding scale will operate between these points. In addition to the above, no part of the TSR awards will vest unless the Committee is also satisfied that the TSR performance of the Company is reflective of the Company's underlying performance.

- The Remuneration Committee is satisfied that the combination of PBT-EPS and TSR targets provides a good balance between: (i) incentivising and rewarding strong financial performance; and (ii) providing a strong and direct alignment with the interests of institutional shareholders by rewarding relative stock market performance.

- Participants will benefit from the value of dividends paid over the vesting period to the extent that awards vest. This benefit will be delivered in the form of cash or additional shares at the time that awards vest.

Further details of the proposed PSP are set out in the Explanatory Notes to the Notice of the 2009 Annual General Meeting.

Claw-Back

If at any time following the payment of a bonus or vesting of PSP awards it becomes apparent to the Remuneration Committee that the calculation of amounts paid or the calculation of the level of vesting was manifestly inaccurate, the Committee may require an individual to repay such amounts as the Remuneration Committee considers to be appropriate to redress any overpayments made.

Shareholding Guidelines

A policy for share ownership guidelines will be introduced for Executive Directors at a level equal to 100% of basic salary. Until such time as this level of shareholding is achieved, 50% of the net of tax value of awards which vest under the PSP will be required to be retained.

Sharesave Scheme

The Sharesave scheme is open to all UK employees (including Executive Directors) with a minimum of one year's service. The Sharesave scheme meets HM Revenue & Customs approval requirements, thereby giving all eligible employees the opportunity to acquire shares in the Company in a tax efficient manner.

Pension Arrangements

The Remuneration Committee reviews the pension arrangements for the Executive Directors to ensure that the benefits provided are consistent with those provided by other similar companies.

The Company does not offer a defined benefit pension scheme and instead it makes contributions to an approved personal pension scheme of the Executive Director's choice. The Company contributes 15% of basic salary to the personal pension schemes of SW Williams and RD Hodsden.

Service Contracts

Each of the Executive Directors has a service contract with the Company, dated 9 March 2007, with a notice period of one year. There are no contractual termination payments.

Outside Appointments

The Board allows Executive Directors to accept appropriate outside commercial Non-Executive appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services, which will be subject to approval by the Board.

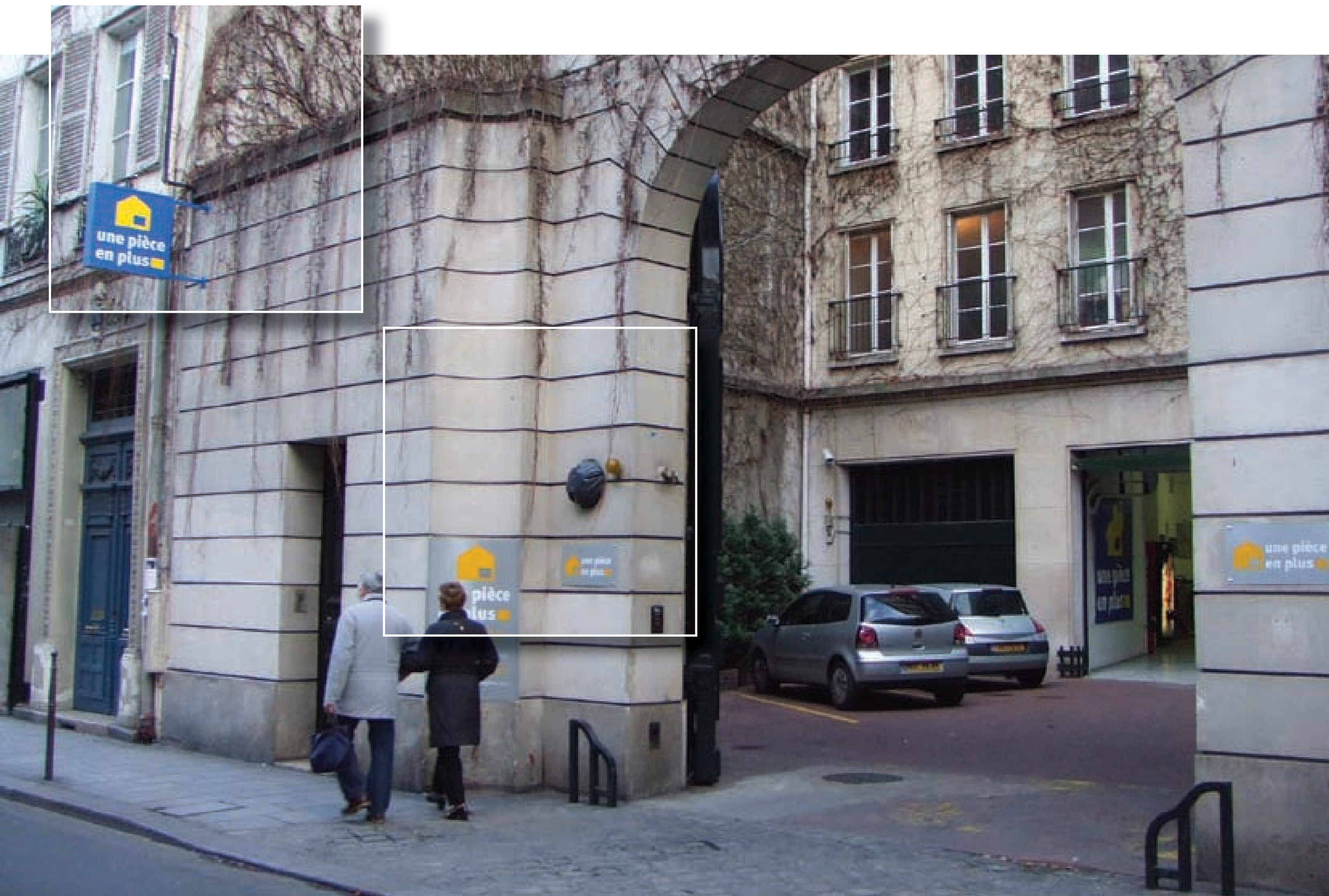
SW Williams is a Non-Executive Director of Self Storage Association Limited but did not receive a fee for his services in either the current or previous financial year.

Non-Executive Directors

The Company's policy is to appoint Non-Executive Directors to the Board with a breadth of skills and experience that is relevant to the Group's business. Appointments are made by the Board upon the recommendations and advice from the Nomination Committee.

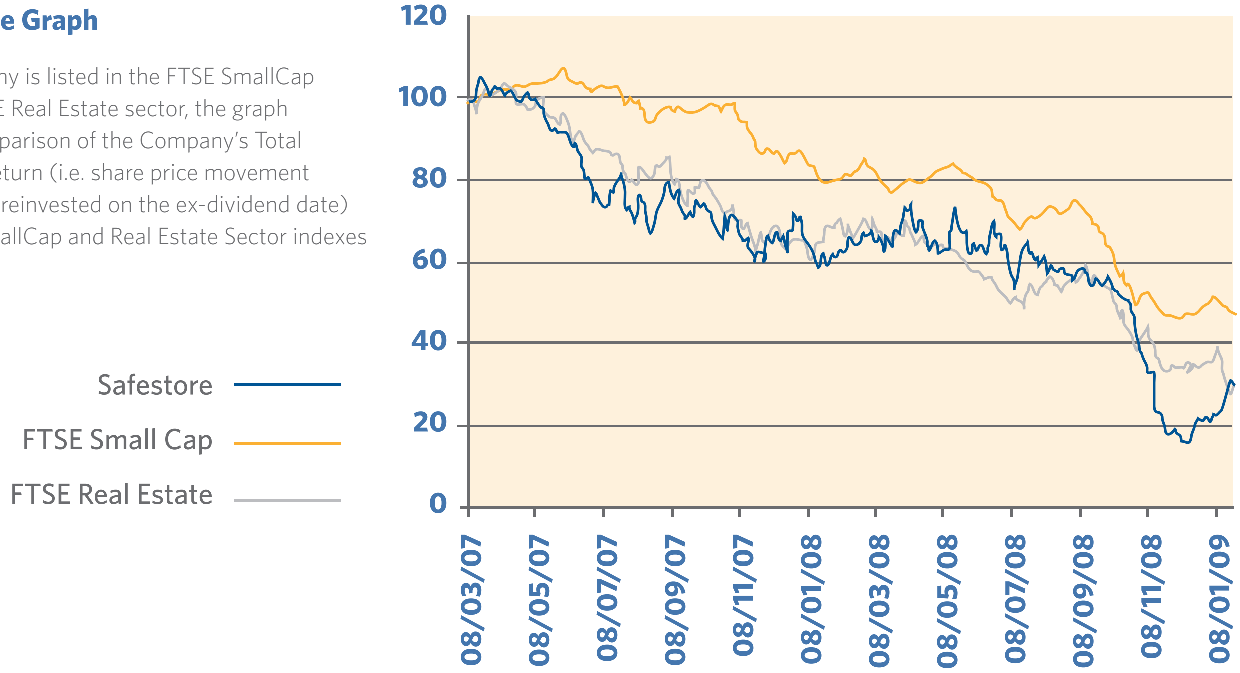
Non-Executive Directors receive fixed fees agreed by the Executive Directors after reference to similar roles in an appropriate comparator group of companies and reimbursement of expenses incurred in attending Board and other meetings. It is the Board's policy for Non-Executive Directors to be paid a level of fee that reflects the time commitment and responsibilities of the role and is sufficient to attract individuals with appropriate knowledge and experience. Non-Executive Directors do not receive an annual bonus, but may receive additional remuneration where the time commitment required due to unusual circumstances exceeds the normal commitments and responsibilities. The Non-Executive Directors received no other benefits in the year ending 31 October 2008.

The Non-Executive Directors do not have service contracts but their appointments are subject to review every three years under the rotation provisions of the Company's Articles of Association. They all have notice periods of three months.



Performance Graph

As the Company is listed in the FTSE SmallCap Index and FTSE Real Estate sector, the graph sets out a comparison of the Company's Total Shareholder Return (i.e. share price movement plus dividends reinvested on the ex-dividend date) against the SmallCap and Real Estate Sector indexes since flotation.



Audited information - Directors' remuneration

	Notes	Salary and fees £'000	Annual bonus £'000	Benefits £'000	SBSP* £'000	**Total 2008 £'000**	Total 2007 £'000
Executive directors							
SW Williams		275	-	19	72	**366**	557
RD Hodsden		183	-	15	38	**236**	320
Non - exectuive Directors							
VML Gwilliam	1,3	25	-	-	-	**25**	239
RS Grainger		68	-	-	-	**68**	33
RW Carey		45	-	-	-	**45**	33
AH Martin	5	8	-	-	-	**8**	-
Former directors							
JA von Spreckelsen	4	25	-	-	-	**25**	56
AD Payne	1,2,3	-	-	-	-	-	222
Total emoluments		629	-	34	110	**773**	1,460

*The Safestore Bonus Share Plan ("SBSP") amounts shown above relate to share matching awards which vest over a three year period (see below).

Company contributions to the money purchase pension plans of individual Executive Directors were as follows:

	Pensions 2008 £'000	Pensions 2007 £'000
SW Williams	**41**	32
RD Hodsden	**30**	15
	71	47

Notes:

1. VML Gwilliam and AD Payne's fees are paid to Bridgepoint Capital Limited for both 2007 and 2008.
2. AD Payne resigned as a Director on 21 February 2007.
3. In 2007, AD Payne and VGL William received additional directors' fees from the Company on IPO of £212,500 each.
4. JA von Spreckelsen retired as a Director on 27 March 2008.
5. AH Martin was appointed as a Director on 15 September 2008.

Safestore Bonus Share Plan

As at 31 October 2008, Executive Directors' interests under matching shares awarded under the SBSP were as follows:

	As at 1st November 2007	Shares granted	As at 31st October 2008	Vesting date
SW Williams	–	171,779	171,779	31 January 2011
RD Hodsden	–	89,979	89,979	31 January 2011

The vesting of matching shares presented above is dependent upon continued service and the average PBT-EPS for the three financial years following the bonus year being not less than the PBT-EPS of the bonus year.

"We believe that our market leading position in the UK and Paris , our strong brand and infrastructure helps mitigate the effects of any downturn"

Interests in shares

The interests of the directors in the shares of the Company were:

The company - ordinary shares 1p	**20th January 2009 Number**	31st October 2008 Number	31st October 2007 Number
Executive directors			
SW Williams	**8,427,579**	8,327,579	8,227,375
RD Hodsden	**3,364,988**	3,344,988	3,292,500
Non - exectuive Directors			
RS Grainger	**100,833**	20,833	20,833
RW Carey	**20,833**	20,833	20,833
AH Martin	**20,000**	-	-

All directors' interests are beneficially held

	Sharesave scheme options held at 31st October 2007	Number of shares over which Sharesave options granted during the year	Exercise price per share	Exercise period	Sharesave scheme options held at 31st October 2008
SW Williams	11,139	-	147p	1.9.2013-28.2.2013	-
SW Williams	-	13,745	118.4p	1.9.2013-28.2.2014	13,745
RD Hodsden	11,139	-	147p	1.9.2012-28.2.2013	11,139

The mid-market price of a share in the Company, on 14 August 2008, the date of grant of options under the Sharesave Scheme was 148p. No consideration was payable in respect of the grant of options under the Sharesave Scheme. Options expire at the end of the exercise period shown in the table above. Mr SW Williams withdrew from the 2007 Sharesave Scheme. No options held by Executive Directors were exercised or expired during the financial year ended 31 October 2008.

The mid-market price of the shares at 31 October 2008 was 93p and the range during the year was 90p to 178p.

This report was approved by the Remuneration Committee and signed on its behalf by;

Roger Carey Chairman of the Remuneration Committee

20 January 2009


safestore

Audit Committee report

The Audit Committee comprises Adrian Martin, Roger Carey and Richard Grainger. Meetings of the Audit Committee are also attended when appropriate by the Chief Executive and the Group Chief Financial Officer as well as the Company's external auditors.

Richard Grainger was the Chairman of the Audit Committee until 15 September 2008 when Adrian Martin was appointed as the Chairman of the Audit Committee. Both Mr Martin and Mr Grainger are considered by the Board to have recent and relevant financial experience.

The Audit Committee's principal responsibilities are:

- to monitor the integrity of the Group's financial statements and any other formal announcements relating to its financial performance;

- to keep under review the effectiveness of the Group's internal controls and risk management systems; and

- to make recommendations to the Board in relation to the appointment of the external auditor and oversee the relationship with the external auditor.

The full terms of reference of the Audit Committee, which comply with the Combined Code on Corporate Governance (2006), are available on the Company website at www.safestore.co.uk.

During the year the Audit Committee met three times; the meetings being attended, where appropriate, by the Group Chief Financial Officer, the Company Secretary, as well as the Company's external auditors.

During the period under review, the Audit Committee has:

- assessed the qualifications, expertise and resources of the external auditors and their objectivity and independence and the relationship with the external auditor as a whole, including the provision of any non-audit services;

- assessed the effectiveness of the external audit process;

- considered whether it was appropriate to establish an internal audit function;

- considered the company's procedures by which employees may, in confidence, raise concerns about improprieties in matters of financial reporting or other matters; and

- reviewed announcements relating to the Company's financial performance during the financial year;

The Audit Committee assesses and reviews on a regular basis the independence of the external auditors. In forming their opinion of the independence and objectivity of the external auditors, the Audit Committee takes into account the safeguards operating within PricewaterhouseCoopers LLP in respect of any non-audit services provided.

The Audit Committee considers on a case-by-case basis whether or not the external audit firm should be permitted to carry out other services for the Company. The two key principles applied are: firstly, whether the provision by the auditors of that service would compromise their independence in any material way; and secondly whether it would otherwise be inappropriate for them to be engaged, for example in relation to any material accounting irregularities or significant fraud that had previously not been detected during an audit carried out by that firm. Where non-audit services are provided, the fees are based on the work undertaken and are not success-related.

Regard is paid to the nature of, and remuneration received for, other services provided by PricewaterhouseCoopers LLP to the Group and, inter alia, confirmation is sought from them that the fee payable for the annual audit is adequate to enable them to perform their obligations in accordance with the scope of the audit.

In respect of the year ended 31 October 2008, the auditors' remuneration comprised £211,000 for audit work and £118,000 for other work, principally relating to REIT conversion and taxation compliance.

This report was approved by the Audit Committee and signed on its behalf by;

Adrian Martin Chairman of the Audit Committee

20 January 2009

Nomination Committee report

The Nomination Committee comprises Richard Grainger, Roger Carey and Adrian Martin.

John von Spreckelsen was the Chairman of the Nomination Committee until his retirement on 27 March 2008 when Richard Grainger was appointed as Chairman.

The Nomination Committee's principal responsibilities are, amongst other things, to:

- review the structure, size and composition of the Board and membership of the Board's Committees;
- consider succession planning for Executive and Non-Executive directors and other senior executives;
- make recommendations to the Board on the appointment of Executive and Non-Executive Directors; and
- evaluate the balance of skills, knowledge and experience of the Board.

During the year under review, the Committee held four formal meetings. In addition a number of informal meetings and discussions took place.

Richard Grainger, considered independent upon his appointment as a Director in February 2007, was appointed Chairman of the Company following consultation with the Group's professional advisers and after a review of the quality and strength of the existing internal candidates. Subsequently, the decision was made for the appointment of an additional Non-Executive Director. Specialist recruitment consultants were engaged to undertake a search and selection process. A short-list of candidates was prepared and discussed by the Committee, which recommended to the Board that Adrian Martin should be appointed as an additional Non-Executive Director. The Board agreed with this recommendation and Adrian Martin joined the Board on 15 September 2008.

The full terms of reference of the Nomination Committee are available on the Company website at www.safestore.co.uk.

This report was approved by the Nomination Committee and signed on its behalf by:

Richard Grainger Chairman of the Nomination Committee

20 January 2009

Corporate Governance

Combined Code – Statement of Compliance

The Group recognises the importance of, and is committed to, high standards of corporate governance. These are set out in the Combined Code on corporate governance published by the Financial Reporting Council in June 2006 (the "Combined Code"). The Board is accountable to the Company's shareholders for good governance and this report describes how the Board has applied the main principles of good governance set out in the Combined Code during the year under review.

Throughout the year the Company has complied with the provisions set out in Section 1 of the Combined Code (as they apply to a smaller company outside the FTSE 350).

The Board

In the period under review the Board comprised two Executive Directors, a Chairman and three Non-Executive Directors, two of whom are independent.

John von Spreckelsen, who retired from the Board on 27 March 2008, and Vincent Gwilliam are deemed by the Board not to be independent under the Combined Code. Mr von Spreckelsen was not deemed by the Board to be independent as he had formed part of the Board since 1 October 2004. Mr Gwilliam is deemed not to be independent by virtue of his position at Bridgepoint, a major shareholder in the company. Roger Carey is the Senior Independent Director. Adrian Martin was appointed to the Board on 15 September 2008 and is deemed to be independent.

The Board recognises Adrian Martin's extensive relevant experience and has recommended a resolution for shareholders to re-appoint him to the Board at the forthcoming Annual General Meeting. The Chairman has confirmed that the performance of Vincent Gwilliam and Richard Hodsden continues to be effective and demonstrates commitment and a resolution for their re-appointment as directors is being proposed at the Annual General Meeting.

A clear division of responsibility at the head of the Company is established, agreed in writing and approved by the Board. The Chairman is responsible for the management of the Board, and for aspects of external relations, while the Chief Executive has overall responsibility for the management of the Company's businesses and implementation of the strategy approved by the Board.

The statement of the division of responsibilities between the Chairman and the Chief Executive is available on the Company's website at www.safestore.co.uk.

Appropriate directors' and officers' insurance cover is arranged by the Company through its insurance brokers and is reviewed annually.

Board process

The Board normally schedules at least 10 meetings throughout the year, including an extended strategy review. Additional meetings are held, as and when required.

It has a formal schedule of matters specifically reserved for its decision, which includes (amongst other things) the approval of strategic plans, annual budgets, interim and full year preliminary results announcements and internal control and risk analysis. This schedule is available on the Company website.

Implementation of agreed plans, budgets and projects in pursuit of the Group's strategy and the actual operation of the Group's system of internal control and risk management are delegated to management.

The services of the Company Secretary are available to all members of the Board. The Directors are entitled to take independent legal advice if they consider it appropriate and, if the Board is informed in advance, the cost of the advice will be reimbursed by the Company. In the event that a Non-Executive Director deems it appropriate, upon resignation, to provide a written statement to the Chairman, this would be circulated to the Board.

Board papers are normally issued one week before Board meetings and quality of content is reviewed continuously. Board minutes are circulated to all Board members. There is also regular informal contact between Executive and Non-Executive Directors to deal with important matters that arise between scheduled Board meetings. A separate meeting for Non-Executive Directors only is held at least once in every year.

Board committees

The Board has three principal committees, each of whose terms of reference are available from the Investor Relations page of the Company's website at www.safestore.co.uk.

All committees and all directors have the authority to seek information from any Group director or employee and to obtain professional advice.

Audit committee

The Audit Committee comprises Adrian Martin (the current chairman), Roger Carey, and Richard Grainger.

The committee was chaired by Richard Grainger until 15 September 2008. The Audit Committee's report is set out on page 32.

Remuneration committee

The Remuneration Committee comprises Roger Carey (chairman), Adrian Martin and Richard Grainger. The responsibilities of the Remuneration Committee are set out in the Remuneration Report on pages 24 to 30.

Nomination committee

The Nomination Committee comprises Richard Grainger (the current chairman), Roger Carey and Adrian Martin. The Committee was chaired by John von Spreckelsen until he retired on 27 March 2008. The Nomination Committee's Report is set out on page 33.

Attendance at Board/Committee Meetings

The following table shows the number of Board and Committee meetings held during the year ended 31 October 2008 and details of attendance at those meetings.

Performance evaluation

In early 2009 the Board carried out a performance evaluation of the Board and its principal committees: the audit, nomination and remuneration committees. The process was led by the Chairman, supported by the Company Secretary and an external evaluator. Directors completed detailed questionnaires and provided feedback to the external evaluator. Once completed, a report (including recommended actions) will be circulated to all Directors for discussion at a meeting of the Board.

It is intended that recommendations which are agreed by the Board will be implemented as soon as practicable and progress monitored at the time of the next performance evaluation.

The review also involves an assessment by the Chairman of individual directors' own performance. The Chairman's own performance is assessed by the Senior Independent Director.

Board appointments

Every decision to appoint further directors to the Board is taken by the entire Board in a formal meeting based on a recommendation from the Nomination Committee. The Nomination Committee consults with

Number of meetings attended/(held)	Board (10 meetings)	Audit committee (3 meetings)	Nomination committee (4 meetings)	Remuneration committee (3 meetings)
SW Williams	10	3	4	3
RD Hodsden	9	3	2	1
JA von Spreckelsen*	4	1	2	–
RS Grainger	10	3	4	3
RW Carey	7	3	3	3
VML Gwilliam	9	–	2	2
AH Martin**	2	–	–	2

As approved and agreed by the Board prior to Roger Carey's appointment as a Director in February 2007, he was away from the United Kingdom and unable to attend three Board meetings during 2008.

**He attended all four Board meetings held prior to his retirement.*

***He has attended both Board meetings held following his appointment.*

financial and legal advisers and uses the services of external recruitment specialists. New members of the Board are provided with initial and ongoing training appropriate to individual needs in respect of their role and duties as directors of a listed PLC.

The service agreements of the Executive Directors and the letters of appointment of the Non-Executive Directors are available for inspection at the registered office of the Company during normal business hours, including the 15 minutes immediately prior to the Annual General Meeting. The letters of appointment for Non-Executive Directors are in line with the provisions of A.4.4 of the Combined Code relating to expected time commitment.

Re-election of Directors

The Company's Articles of Association provide that one third of the Directors retire by rotation each year and that each Director will seek re-election by the shareholders at the Annual General Meeting at least once every three years. Additionally, new Directors are subject to election by shareholders at the first opportunity after their appointment. Details of the Directors seeking re-election at the 2009 Annual General Meeting are given in the Notice of Meeting.

Relations with shareholders

The Company places a great deal of importance on communication with its shareholders and maintains a dialogue with them through investor relations programmes. These include formal presentations of the full year and interim results and meetings with institutional investors and analysts as required. To ensure all Board members share a good understanding of the views of major shareholders about the Company, there is a formal process whereby the Board reviews announcements and reports, prior to public distribution and are sent summaries of institutional investor comment following meetings on the full year and interim results. The Non-Executive Directors are available to meet major shareholders when requested.

The Board considers the Annual Report and Financial Statements and the Annual General Meeting to be the primary vehicles for communication with private investors. Resolutions are proposed on each substantially separate issue and the Company indicates the level of proxy voting lodged in respect of each. The Annual General Meeting gives all shareholders who are able to attend (especially private shareholders) the opportunity to hear about the general development of the business. It also provides an opportunity for shareholders to ask questions of the full Board of Directors, including the chairmen of the audit, nomination and remuneration Committees.

Risk management

The directors are responsible for the Group's system of operational control and risk management. During the year the Company undertook regular quarterly reviews of the formal risk management assessment. Risk management remains an ongoing programme within the Group and is formally considered at regular operational meetings as well as meetings of the Board.

Internal control

The Combined Code requires that at least annually directors review the effectiveness of the Group's system of material internal controls including financial, operational and compliance controls and risk management systems. The Board confirms that it carried out a review of the effectiveness of the system of internal control which operated within the group during the financial year in accordance with The Combined Code. The Board places considerable importance on maintaining a strong control environment but recognises that such systems are designed to manage rather than eliminate risk, providing reasonable but not absolute assurance against material misstatement or loss.

Key features of the Group's systems of internal control include:

- an annual strategy review process to ensure that the Group's resources are prioritised to deliver optimum shareholder returns;

- a comprehensive system of reporting monthly, half yearly and annual financial results to the directors and key groups of senior management, focusing on key initiatives reviewing performance and implementing remedial action where necessary;

- a robust and detailed process to develop the Group's annual budget and regular revised forecasts;

- monthly Group management accounts to report performance as compared to budget and/or forecast as appropriate;

- a management structure with clearly defined authority limits; and

- development and frequent reporting of relevant Key Performance Indicators to monitor operational progress.

The directors believe that the system of internal control is appropriate for the Group. The Group does not have a separate internal audit function although the Board periodically reviews the need for establishing one in addition to the existing store assurance team. The Group currently employ a risk manager supported by two store auditors who are responsible for reviewing operational and financial control at store level. The risk manager reports to the Chief Operations Officer and also has direct access to the Chief Executive and Chief Financial Officer.

A summary of the principal risks and uncertainties within the business are set out on pages 22 and 23.

Corporate Responsibility

Introduction

This year considerable work has been undertaken behind the scenes thereby delivering a positive impact to the local communities where our stores operate. This includes our carbon footprint project and green plan evolution, the rollout of our charity room in every store programme and the on-going implementation of our stakeholder engagement programme.

Our Corporate Social Responsibility Commitment ("CSR")

The CSR programmes we have in place across our estate ensure compliance with legislative requirements and seek to exceed the laid down guidelines.

CSR Model and Core Stakeholders

The strategic focus and the cascade of objectives and associated Key Performance Indicators ("KPIs") are driven forward by senior management. These are then communicated throughout the company ensuring that our approach to CSR is embedded in our culture and adding value to everything we do.

Our strategy commits that we will deliver maximum impact to internal and external stakeholders and is made up of the following 3 core values:

1 We will continually listen to the needs of key stakeholders and deliver meaningful solutions

2 We will work towards operating in an environmentally sustainable manner considering the impact of our activities at all times

3 We will use Corporate Social Responsibility not only to deliver legislative compliance but as a springboard for on-going continuous improvement

Stakeholder Engagement

Our CSR commitment has been developed having listened to the needs and wants of our stakeholder groups. To achieve this we proactively engage in communicating with stakeholders and responding to feedback.

Our Customers

We welcome all comments from customers on any aspect of our business. Effective communication channels are readily in place via our website, and in store the use of Customer Comments Cards are actively encouraged.

Our People

Our Board is highly committed to gaining from the feedback received from our people by maintaining a chat forum on our intranet, conducting regular staff surveys and by the introduction this year of listening lunches for suggestions and discussions within our head office.

Our Community

We engage with the local communities where our stores operate and have extended our support during 2008 to include our charity room in every store commitment.

Corporate Social Responsibility - Stakeholder Highlights

The following model demonstrates our CSR plan and this has enabled us to proactively engage with each of our stakeholder groups.

"As the UK's market leader for self storage our commitment is to consider the impact of everything we do by promoting initiatives that always seek to deliver a positive net impact"
Steve Williams, Chief Executive Officer

We will continue to use this approach to drive ongoing progression thereby enabling us to deliver maximum impact from our efforts

Our Marketplace

We recognise that our investors and bankers provide capital for our business and we aim to keep them informed on a regular basis through a variety of engagement initiatives. We utilise a platform of different media including our investor web site and quarterly updates to provide easily accessible information.

New Store Expansion

We are proud to support our local communities by providing a facility which adds value through employment, site regeneration, and a range of community support projects. We will also be further reviewing new store construction fit-out processes and appropriate sustainable solutions to minimise any environmental impact.

Our Customers

Customer Service is at the core of our business and looking after our customers is at the heart of everything we do. The majority of our customers live locally and we strive to fulfil their storage needs with conveniently located stores providing flexible, competitive self storage solutions.

We have continued to expand and improve our customer facing materials thereby providing clear information to our customers. This is provided across all service delivery mechanisms making it easy for all customer types to do business with us.

The views of all our customers are vital to us and our customer engagement programme provides easy solutions for customers to feed back their comments to us. We also conduct regular mystery shopping and customer surveys through a variety of media. This collective feedback is communicated at Board level and is fundamental in shaping our future strategic direction.

Customer Feedback Channels

During October 2008 we endorsed our commitment to Customer Service across our Estate by participating in National Customer Service Week and by running a 'going the extra mile' campaign.

Looking forward, we continue to seek ways to provide support to the communities in which we operate. Relevant policies are in place to ensure the expansion strategy for our business is closely aligned with our core values and commitment to ethical practices. In the coming year we will be focusing closely with our main suppliers and ensuring relevant codes of conduct are aligned with our core values.

Our People

Our people play a pivotal role in shaping the on-going success of our business. We support the fair and equal treatment of all employees and via a combination of core business values, award winning training and development programmes, and clear policies and procedures we are able to create the right opportunities for developing our people. For 2007 - 2008 our success has been endorsed by the promotion of 26 of our staff to a position with greater responsibilities and rewards.

Safestore Values

Our five core business values; teamwork, integrity, growth, excellence and respect play an integral part in the way we run our business. They form an essential component in the evaluation of individual performance for each employee's appraisal and at our annual awards ceremony.

teamwork	**We support and positively challenge each other. We involve and listen to each other.**
integrity	**We are open and honest with each other.**
growth	**We actively look for ways to improve, to develop our people as well as our business.**
excellence	**We commit to doing things right - first time.**
respect	**We repect our customers and each other.**

Training and Development

Our Careerstore training and development programme is a key component of our people development model. This enables all our staff to participate in competency based training supportive of their career aspirations. We also introduced assessment centres to support our succession planning strategy, ensuring that we have the right people in place with the appropriate skills to continually evolve our business. As an "Investor In People" we are always working towards delivering the optimum training and development for our people. This year we were delighted to receive the London Training Award – Large Employer, at the UK National Training Awards and to be a finalist in the World of Learning Awards – Blended Learning Solution of the Year category.

Communication

We maintain regular communication with our staff at all levels and we continue to be proactive in seeking employee feedback. During 2007-2008 our Board introduced six monthly road shows and the stores across our Estate received a director visit. We have also introduced listening lunches at our Head Office and invite monthly chat topics for staff to share their suggestions. We continue to make full use of our intranet to communicate weekly updates to staff as well as the quarterly distribution of a staff magazine. These measures provide a robust communication platform that keeps staff up to date and fully engaged with our strategic direction, current performance and our progress against pre-agreed KPIs.

Health and Safety

We are committed to delivering high standards of health and safety at all times and ensuring that we have the correct policies and procedures in place to comply with relevant legislation and regulations.

The Group provides safe and healthy places of work and encourages safe working practices amongst all employees. We achieve this by providing all staff with relevant health and safety training and utilise a standardised reporting process for reviewing, monitoring and escalating all levels of incidents. This combined with independent annual risk assessments completed by an independent external specialist firm provides a robust mechanism for the on going review and assessment of any hazards and risks together with the implementation of remedial actions.

Diversity

We value the contribution of all our employees and we are proud of the diversity of our workforce. Safestore maintains a policy of non discrimination towards all employees and applicants for employment. All aspects of employment with the Group are governed by merit, competence, suitability and qualifications and are not influenced by sex, age, disability, or ethnic origin. All decisions made on employment matters are based solely on individual capability and the job requirements.

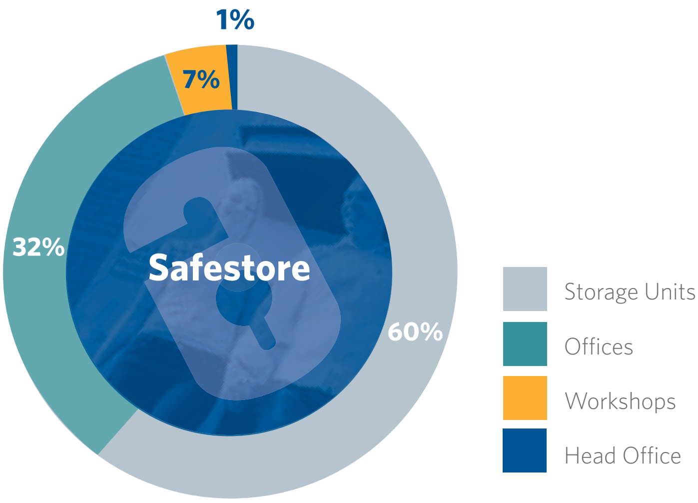
Our Environment

We remain highly focused on minimising the impact of our business activities on the environment and we have continued to work throughout the year on our green plan.

A key achievement was the completion of our carbon footprint which was conducted by Temple Group an independent specialist environmental consultancy which provided a baseline to further enhance our green practices across our Estate.

Our overall direct carbon emissions were calculated in accordance with Defra's Green House Gas (GHG) protocols for company reporting in 2007. The application of Defra's conversion factors enabled us to convert energy consumption (kWh) and travel (km) into carbon emissions providing our overall estimated footprint. Our chosen standard which was approved by Temple Group was to review direct emissions that result from activities that are within our overall control. However, we are highly committed to working with third party suppliers to ensure that the green credentials of our preferred suppliers are closely aligned with our chosen approach.

For 2007-2008 our total estimated carbon footprint comprised 2,262 tonnes carbon. This was divided across our Estate as shown in the illustration below.



"Safestore has demonstrated a real commitment to addressing the challenges of climate change through the implementation of a range of practical energy efficient measures such as timer switches, motion sensors and photocells." - Temple Group

We will continue to evaluate our carbon footprint on a regular basis through the use of independent environmental consultants enabling the on-going review of our operations and building on our environmentally friendly business practices.

This approach is not only beneficial to the environment but also makes good business sense as lower consumption should result in a reduction of the associated costs.

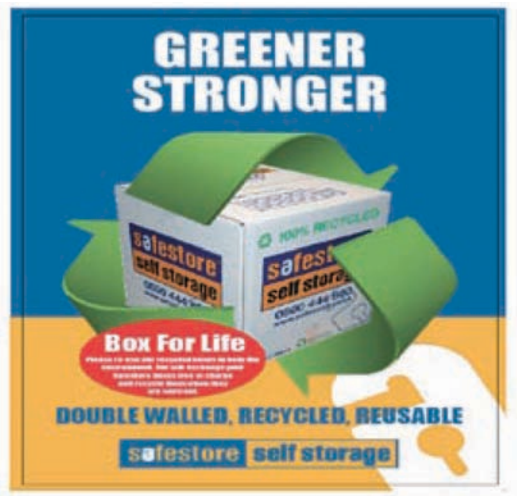
Green Practices

We have made major progress with energy throughout the year which includes the installation of photocells in 23 of our stores and the utilisation of greentricity in 86% of our estate.

All staff are kept updated on green practices through regular communication, thereby delivering cultural engagement across our store teams and ensuring clarity of the importance of the role that each individual plays in the adoption of our green measures. This year we introduced our 'Think Green – Switch It Off' programme which encouraged all staff to make small changes to their behaviour by working in a greener way.

We have recognised that we also have a responsibility to consider the environmental impact of the products that we sell to customers as well as the disposal of waste when a customer vacates their storage facility. During the year, we launched cardboard waste recycling facilities across all of our stores to reduce land fill waste.

We also conducted a full product and packaging review which led to the introduction of biodegradable bubble wrap, starch based void fill and our recycled and recyclable box range. This is backed up with our sector leading 'box for life' scheme. Also, we now utilise green outer packaging materials composed of biodegradable materials across half of our range.



New Stores

With new stores, we are very aware of the potential impacts to the community and to the environment and we ensure that we work with the relevant bodies to build high specification stores that support the local area. For the stores constructed during the year, we ensured a contribution from renewable energy of at least 10% and have endeavoured to overachieve on this wherever possible.

Our Community

A further key aspect of our approach to CSR is the provision of tangible support to the communities where our stores operate. We have expanded our community investment this year with the launch of our 'charity room in every store' initiative. This provides a free storage room on an ongoing basis to a registered charity operating in each store's local community.

Charitable Donations

Employees are encouraged to accept positions of responsibility in fund raising activities for recognised charitable organisations. During the year, examples of staff participation include the Glasgow to Edinburgh bicycle challenge and a half marathon. We have also supported Barnardos with fundraising in our stores. Our staff regularly donate to charity via our payroll giving scheme and during May 2008 we were awarded the payroll giving Bronze award in recognition of their efforts.

Looking forward we plan to build on our community support to date by working with a dedicated charity and we are delighted to be supporting Scope as our charity of the year for 2008-2009.

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 October 2008.

Principal activities

The Group provides individual, secure self-storage space and related services for business and residential customers in the UK and France. The majority of revenue is generated from the provision of self-storage. However, ancillary products, including insurance and storage accessories, e.g. bubble wrap, boxes and padlocks, provide a rapidly growing, high margin secondary revenue stream.

Business review

The information that fulfils the requirements of the Business review can be found in the following sections, which are incorporated into this report by reference:

- The Chairman's statement and the Chief Executive's Review on pages 4 to 13 together with the Financial Highlights on page 1 contain a review of the business of the Group, the development and performance of the Company during the year and at the year end and of its strategy and prospects, including an analysis using Key Performance indicators.
- The Financial Review can be found on pages 14 to 21.
- The principal risks and uncertainties within the business are set out in the Risk Management section on pages 22 and 23 including an assessment of the requirements of Section 417(5)(c) of the Companies Act 2006 on information about persons with whom the company has contractual or other arrangements which are essential to the business of the Company.
- The Group's Corporate Social Responsibility commitment and information in respect of environmental matters, employees, and social and community issues can be found on pages 38 to 43.

Further information on the Group's operations and financial affairs that are in addition to the requirements of the Business review are set out on pages 2 to 47 of this report.

Key performance indicators

The directors are required to comment upon the Group's key performance indicators. These are reported within the Financial Review on pages 14 to 21.

Results and dividends

The results for the year are set out on page 52. The directors recommend a final dividend of 3.0p per ordinary share (2007: 3.0p) to be paid on 6 April 2009 to shareholders whose names appear on the register at the close of business on 27 February 2009. An interim dividend of 1.65p was paid in the year (2007: 1.5p).

Directors

Details of the directors who served during the year are set out below:

R S Grainger	(Chairman)
J A von Spreckelsen	(Chairman and Non Executive Director) (retired 27 March 2008)
S W Williams	(Chief Executive Officer)
R D Hodsden	(Chief Financial Officer)
V M L Gwilliam	(Non-Executive Director)
R W Carey	(Non-Executive Director)
A H Martin	(Non-Executive Director) (appointed 15 September 2008)

Details of the interests of the directors in the shares of the company are set out in the Remuneration Report on pages 24 to 30.

The Company's Articles of Association provide that a director may be appointed by an ordinary resolution of the shareholders or by the existing directors, either to fill a vacancy or as an additional director. Further information on the Company's internal procedures for the appointment of directors is given in the Corporate Governance section on pages 34 to 37.

The Company's Articles of Association require that one-third of directors retire by rotation each year and that each director must retire at intervals of not more than three years. Non-executive directors must retire annually once they have been in office for a period of more than eight years. In accordance with these provisions, Vincent Gwilliam and Richard Hodsden will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Board, which is responsible for the management of the business, may exercise all the powers of the Company subject to the provisions of relevant legislation and the Company's Memorandum and Articles of Association. The powers of the directors set out in the Articles of Association include those in relation to the issue and buyback of shares.

The directors have (and during the year ended 31 October 2008 had) the benefit of the qualifying third party indemnity provision contained in the Company's Articles of Association which provides a limited indemnity in respect of liabilities incurred as a director or other officer of the Company.

Share capital

The authorised share capital of the Company as at 31 October 2008 was £3 million divided into 300 million ordinary shares of 1 pence of which 188.1 million were in issue.

The rights and obligations attaching to the Company's shares, as well as the powers of the Company's directors, are set out in the Company's Articles of Association, a copy of which can be viewed on the Company's website at www.safestore.co.uk.

The Company's Articles of Association can only be amended by special resolution of the shareholders.

There is no restriction on the transfer or limitations on the holding of the Company's shares and there is no requirement for prior approval of a transfer. Under the Company's Articles of Association, the directors have the power to suspend voting rights and the right to receive dividends in respect of shares where the holder of the shares fails to comply with a notice issued under section 793 of the Companies Act 2006.

At the Annual General Meeting held on 27 March 2008 the Company was authorised to purchase up to 18,813,508 of its own shares. This authority was not exercised during the year ended 31 October 2008 and will expire at the conclusion of the forthcoming Annual General Meeting. A resolution will be proposed at the Annual General Meeting to renew this authority along with the Directors' authority to allot relevant securities pursuant to section 80 of the Companies Act 1985 and the power to disapply pre-emption rights pursuant to section 95 of the Companies Act 1985. For further details on these resolutions please refer to the Notice of Annual General Meeting on pages 93 to 101.

Change of control

The Company is not party to any significant agreement that takes effect, alters or terminates upon a change of control of the Company following a takeover bid. The Company's employee share schemes contain provisions relating to a change of control. Outstanding options and awards normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time.

Substantial shareholdings

The following substantial shareholdings have been notified to the Company :

	At 20 January 2009	
	Number	%
Bridgepoint Capital Limited	65,684,247	35
ING Clarion	15,027,620	8
Schroder Investment Management	10,245,344	5
Morgan Stanley Investment Management	11,640,674	6
Legal & General Investment Management	6,478,049	3
Fortis Investments	13,560,283	7
S W Williams	8,427,579	4

Own Shares – Employee Benefit Trust

On 31 January 2008, the Company allotted 1,051,755 ordinary shares of 1p each at a premium of 145.7p per share to the Safestore Employee Benefit Trust in satisfaction of awards under the Group's Long Term Incentive Plan. The Employee Benefit Trust retains 663,740 ordinary shares, valued at £974,000 on issue, in respect of matching share awards which vest on 31 January 2011 if average performance criteria is achieved over the three year vesting period. This represents 0.35% of the total issued share capital of the Company.

Risk management

Information on risk management is provided on pages 22 and 23.

Employees

The Group places great value in its employees and their involvement in the business. The Group recognises the importance of good communication with its staff and has designed internal communications channels to ensure that all employees are well informed about the business of the Group. The Group aims to achieve a common awareness of financial and economic factors that affect the performance of the Group. These include training and staff briefings. It is Group policy to give equal opportunity of employment to disabled and able persons according to their suitability to perform the work required. The services of existing employees who are or who become disabled are retained wherever practicable and the Group is committed to applying the provisions of the Disability Discrimination Act 1995.

Employee incentive arrangements are normally reviewed on an annual basis. Annual bonus payments are triggered on the satisfactory achievement of pre-agreed personal objectives and the financial performance of the business.

Company Secretary

On 1 May 2008, Richard Hodsden resigned and Sam Ahmed was appointed Company Secretary.

Political and charitable contributions

The Group made no political or charitable donations during the year (2007: £nil). The Corporate Responsibility Report provides details of the Group's charity room in every store commitment.

Creditor payment policy

The Company is a holding company with very few suppliers. The Group aims to pay all its suppliers within the payment terms negotiated with each individual supplier. The Group had 36 days' purchases (2007: 39 days' purchases) outstanding at 31 October 2008, based on the average daily amount invoiced by suppliers during the year ended 31 October 2008.

Post balance sheet events

On 10 December 2008, the Group entered into a €60m term loan facility which is secured against the Group's properties in Paris. The facility expires on 6 July 2011.

Going concern

After making enquiries, taking into account current borrowings facilities and trading prospects, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

Disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 234A of the Companies Act 1985 the following applies:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held at the Company's registered office at Brittanic House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT on 26 March 2009 at 12 noon. The Notice of Annual General Meeting on pages 93 to 101 sets out details of the business to be considered at the Annual General Meeting and contains explanatory notes on such business.

Shareholders are encouraged to use their vote at this year's Annual General Meeting either by attending the meeting in person or by completing and returning the enclosed form of proxy in accordance with the instructions set out in the form. Completing and returning the form of proxy will not prevent shareholders from attending and voting at the meeting.

At this year's Annual General Meeting, we are proposing a resolution so that the Company may continue to call general meetings other than annual general meetings on 14 clear days' notice, as set out in the Company's Articles of Association. The EU Shareholder Rights Directive is intended to be implemented in the UK in August 2009 and one of its requirements is that all general meetings must be held on 21 clear days' notice unless shareholders have agreed to a shorter notice period. The resolution proposed seeks such agreement. Shareholders are not being asked to approve amendments to the Company's Articles of Association at this year's Annual General Meeting as it is anticipated that this will be dealt with at next year's annual general meeting to approve amendments to reflect the provisions of the Companies Act 2006 which are intended to come into effect in October 2009 and the EU Shareholder Rights Directive referred to above.

By order of the Board:

S Ahmed
Company secretary
20 January 2009

Directors' responsibilities

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the group and the parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements and the Directors' Remuneration Report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). In preparing the group financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the group financial statements comply with IFRSs as adopted by the European Union and IFRSs issued by the IASB, and with regard to the parent company financial statements that applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the group and parent company financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the group financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation and the parent company financial statements and the Directors' Remuneration Report comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

The directors' confirm that the annual report includes a fair review of the information required by DTR 4.1.12, namely:

(a) the financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

(b) the management report includes a fair review of the development and performance of the business and the position of company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the board:

S Ahmed
Company Secretary
20 January 2009

Auditors report

We have audited the group and parent company financial statements (the ''financial statements'') of Safestore Holdings plc for the year ended 31 October 2008 which comprise the consolidated income statement, the consolidated and parent company balance sheets, the consolidated cash flow statement, the consolidated statement of recognised income and expense and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent company financial statements and the Directors' Remuneration Report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether, in addition, the group financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chief Executive's Operating Review and Financial Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the Combined Code (2006) specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the unaudited part of the Remuneration Report, the Chairman's Statement, the Chief Executive's operating review, the Financial Review, the Audit Committee Report, the Nomination Committee Report and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

Basis of audit opinion continued

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 October 2008 and of its profit and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 October 2008;
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
20 January 2009

Consolidated income statement
for the year ended 31 October 2008

	Note	Group 2008 £'000	Group 2007 £'000
Revenue	2	**82,875**	74,303
Cost of sales		**(25,640)**	(23,469)
Gross profit		**57,235**	50,834
Administrative expenses		**(12,233)**	(9,474)
EBITDA before exceptional items and movement on investment properties		**45,145**	40,725
Exceptional items (net)	4	**–**	758
Depreciation	5	**(143)**	(123)
Operating profit before movement on investment properties		**45,002**	41,360
(Loss)/gain on investment properties	10	**(8,313)**	81,264
Operating profit	2,5	**36,689**	122,624
Finance income	3	**827**	1,381
Finance expense	3	**(22,589)**	(20,387)
Profit before income tax		**14,927**	103,618
Income tax charge	7	**(2,414)**	(25,433)
Profit for the year		**12,513**	78,185
Earnings per share for profit attributable to the equity holders			
– basic and diluted (pence)	9	**6.68p**	43.02p

The financial results for both years relates to continuing activities.

The notes on pages 55 to 86 are an integral part of these consolidated financial statements.

Consolidated statement of recognised income and expense
for the year ended 31 October 2008

	Notes	Group 2008 £'000	Group 2007 £'000
Profit for the financial year		**12,513**	78,185
Net exchange adjustment offset in reserves net of tax	25	**8,240**	1,120
Impact of change in UK tax rate on deferred tax	22	**–**	3,157
Cash flow hedge: net fair value (losses)/ gains net of tax	25	**(4,661)**	1,916
Movement of deferred tax on pension deficit		**–**	(74)
Net gain recognised directly in equity		**3,579**	6,119
Total recognised income for the year		**16,092**	84,304

All gains/(losses) are attributable to equity shareholders.

	Note	Group 2008 £'000	Group 2007 £'000
Assets			
Non-current assets			
Investment properties	10	**712,874**	647,131
Development properties	10	**31,483**	31,867
Property, plant & equipment	11	**1,692**	1,477
Deferred tax asset	22	**5,495**	8,407
Non current assets		**751,544**	688,882
Current assets			
Inventories	13	**258**	252
Trade and other receivables	14	**12,800**	12,730
Other financial assets	15	**1,561**	–
Derivative financial instruments	19	**190**	3,009
Cash and cash equivalents	15	**11,143**	18,583
		25,952	34,574
Total assets		**777,496**	723,456
Current liabilities			
Financial liabilities			
– Borrowings	18	**(3,040)**	(3,340)
– Derivative financial instruments	19	**(3,647)**	–
Trade and other payables	16	**(38,726)**	(41,610)
Obligations under finance leases	20	**(10,610)**	(8,940)
		(56,023)	(53,890)
Non-current liabilities			
Bank borrowings	18	**(276,527)**	(240,386)
Trade and other payables	16	**(1,333)**	(1,605)
Deferred tax liabilities	22	**(123,070)**	(124,049)
Obligations under finance leases	20	**(64,608)**	(55,453)
Provisions	21	**(109)**	(130)
		(465,647)	(421,623)
Total liabilities		**(521,670)**	(475,513)
Net assets		**255,826**	247,943
Shareholders' equity			
Ordinary shares	23,25	**1,881**	1,871
Share premium	25	**28,349**	28,410
Other reserves	25	**5,647**	2,068
Retained earnings	24, 25	**219,949**	215,594
Total shareholders' equity	25	**255,826**	247,943

These financial statements on pages 52 to 86 were authorised for issue by the Board of Directors on 20 January 2009 and signed on its behalf by:

RD Hodsden
Director

SW Williams
Director

Consolidated cash flow statement
for the year ended 31 October 2008

	Note	Group 2008 £'000	Group 2007 £'000
Cash flows from operating activities			
Cash generated from operations	26	**45,597**	39,774
Interest received		**477**	1,158
Interest paid		**(17,760)**	(15,551)
Tax (paid)/received		**(28)**	496
Net cash inflow from operating activities		**28,286**	25,877
Cash flows from investing activities			
Expenditure on investment properties and development properties		**(50,280)**	(45,495)
Net proceeds from disposal of investment properties		**17**	–
Purchase of property, plant and equipment		**(357)**	(198)
Proceeds from sale of property, plant and equipment		**–**	6
(Purchase)/sale of available for sale financial assets		**(1,561)**	8,397
Net cash outflow from investing activities		**(52,181)**	(37,290)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**–**	29,243
Equity dividends paid	8	**(8,717)**	(2,806)
Net proceeds from issue of new borrowings		**43,854**	9,146
Finance lease principal payments		**(10,682)**	(9,118)
Repayment of borrowings		**(8,000)**	(5,478)
Cash inflows from financing activities		**16,455**	20,987
Net (decrease)/increase in cash and cash equivalents		**(7,440)**	9,574
Cash and cash equivalents at 1 November		**18,583**	9,009
Cash and cash equivalents at 31 October	15, 27	**11,143**	18,583

Notes

1 Accounting policies

The principal accounting policies of the Group are set out below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Report Interpretations Committee ("IFRIC") interpretations as adopted by the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and fair value of derivative financial instruments.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual amounts may differ from those estimates.

Key judgements include the estimation of fair values of investment properties, development properties and interests in leasehold properties, the assessment of onerous leases, environmental and legal provisions.

The interest cost of finance leases of £3,316,000 in the prior year has been represented in the cash flow statement from operating activities to financing activities, enabling consistency with the current year.

Standards, amendments to standards and interpretations issued and applied

During the year ended 31 October 2008 the Group adopted the following standards, amendments to standards and interpretations;

IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). IAS 23 requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. This standard has been early adopted and does not require a restatement of the prior year comparatives. IAS 23 has been adopted early due to the primary reason for additional debt being the financing of Group capital development expenditure. Capitalising interest therefore gives a more accurate representation of the cost of these assets when they are first brought into use.

IFRS 7 'Financial Instruments: Disclosures' and the amendment to IAS 1 'Presentation of Financial Statements' regarding capital disclosures. IFRS 7 introduces new and revised disclosures for financial instruments and for risks associated with financial instruments. As a disclosure based standard there have been no changes in either accounting policies or the primary financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary undertakings made up to 31 October each year. Subsidiaries are entities where the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-company transactions, balances, and unrealised gains on transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

1 Accounting policies (continued)

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, equity instruments issued by the Group, in exchange for control of the acquiree. The assets, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non Current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

Segmental reporting

The Group's operations are located in the United Kingdom and France. The Group's net assets, revenue and profit before tax are attributable to one principal activity, the provision of self storage. The primary segment is based on geographical location.

Segment results, assets and liabilities include items directly attributable to segments as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest bearing loans, corporate assets and expenses.

Revenue recognition

Revenue represents amounts derived from the provision of services (rental space, customer goods insurance and consumables) which fall within the Group's activities provided in the normal course of business, net of discounts, VAT (where applicable) and other sales related taxes.

Rental income is recognised over the period for which the space is occupied by the customer and on a time apportionment basis. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. Insurance income is recognised over the period for which the space is occupied by the customer and on a time apportionment basis. The portion of insurance premiums on occupied space that relates to unexpired risks at the balance sheet date is reported as unearned premium liability in other payables. Income earned on the sales of consumable items is recognised at the point of sale.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Income for the sale of assets is recognised when the significant risks and returns have been transferred to the buyer. For property sales this is at the point of completion. Where any aspect of consideration is conditional then the revenue associated with that conditional item is deferred.

Exceptional items

Where it is considered that items of income or expense are material, their nature and amount is disclosed separately on the face of the income statement where this enhances the understanding of the Group's financial performance.

Foreign currency translation

– Functional and presentation currency

The individual financial statements for each company are measured using in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of the Group are expressed in pounds sterling, which is the functional and presentational currency of the Group.

– Transactions and balances

Foreign currency transactions in currencies other than pounds sterling are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the income statement for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, are classified as equity and are recognised as a separate component of equity (cumulative translation adjustment). Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are included within the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Investment properties and interests in leasehold properties

Investment properties are those properties owned by the Group that are held to earn rentals. Investment properties are initially measured at cost, including related transaction costs. After initial recognition investment properties are held at fair value based on a market valuation by professionally qualified external valuers at each balance sheet date.

For investment properties held under leases that are classified as finance leases, the properties are recognised at the lower of fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a finance lease liability. Depreciation is provided on the minimum lease payment valuation over the lease term.

Gains or losses arising on changes in the fair value of investment properties at the balance sheet date are recognised in the income statement in the period in which they arise.

Gains on sale of investment properties are calculated as the difference between consideration and fair value estimated at previous balance sheet date.

If an investment property or part of an investment property becomes owner occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

Development properties

Properties under development for future use as investment properties are classified as a separate category within non-current assets. These properties are initially recognised at cost until development is complete when they are reclassified as investment properties at fair value.

Property, plant and equipment

Property, plant and equipment not classified as investment properties or development properties, is stated at historical cost less accumulated depreciation and any accumulated impairment loss. Historical cost comprises the purchase price and costs directly incurred in bringing the asset into use.

The assets residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. If the carrying amount of an asset is greater than the recoverable amount then the carrying amount is written down immediately to the recoverable amount.

Depreciation is charged so as to write off the cost of an asset less estimated residual value of each asset over its expected useful life using the straight-line method. The principal rates are as follows:

Owner occupied over the shorter of the remaining lease period and occupied period	2% per annum
Motor vehicles	25% per annum
Fixtures, fittings, signs and partitioning	6.66% – 10% per annum

The gain or loss arising on the retirement or disposal of an asset is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the income statement on disposal.

Intangible assets

Intangible assets that are acquired as a result of a business combination are recorded at fair value at the date of acquisition, provided they can be separately and reliably measured. The assets are amortised on a straight-line basis over their expected useful lives.

1 Accounting policies (continued)

Computer software

Acquired computer software licenses are capitalised at the costs incurred to acquire and amortised over the life of the specific software.

Impairment of tangible and intangible assets (excluding property)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is deemed to be the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost less provisions for any slow moving or obsolete stock provisions and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method and does not include any overhead allocation as it is not appropriate. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions for the slow moving or obsolete stock are calculated on the basis of sales made over the last year.

Trade and other receivables

Trade and other receivables are stated at fair value, being cost less provision for impairment where there is evidence that not all amounts will be collectable under the original terms of the receivable. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 28 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Cash and cash equivalents

Cash and cash equivalents represent only liquid assets with original maturity of 90 days or less. Bank overdrafts that cannot be offset against other cash balances are shown within borrowings in current liabilities on the balance sheet.

Trade and other payables

Trade and other payables are initially recognised at fair value.

Leases

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight-line basis over the full lease term.

Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are included within the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial instruments

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rates fluctuations. Such derivatives are initially recognised and measured at fair value on the date a derivative contract is entered into and subsequently re-measured at fair value. The gain or loss on re-measurement is taken to the income statement except where the derivative is a designated cash flow hedging instrument. The accounting treatment of derivatives classified as hedges depends on their designation, which occurs on the date that the derivative contract is committed to.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability;
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction; or
- Hedges of a net investment in a foreign operation.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in profit or loss. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions for dilapidations, vacant properties and insurance claims are measured at the directors' best estimate of the

1 Accounting policies (continued)

expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is considered material.

Taxation including deferred tax

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Employee benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the income statement and presented in the statement of recognised income and expense.

Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Share capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

The preparation of consolidated financial statements under IFRS requires management to make estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual outcomes may therefore differ from these estimates and assumptions. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Estimate of fair value of investment properties

The Group values its self storage centres using a discounted cash flow methodology which is based on projections of net operating income. Principal assumptions and management's underlying estimation of the fair value of those relate to: stabilised occupancy levels; expected future growth in storage rents and operating costs; maintenance requirements; capitalisation rates and discount rates. A more detailed explanation of the background and methodology adopted in the valuation of the investment properties is set out in note 10 to the financial statements.

b) Development property

The Group's development properties are held in the balance sheet at historic cost and are not valued externally. In acquiring sites for development into self storage facilities, the Group estimates and makes judgements on the potential net lettable storage space that it can achieve in its planning negotiations, together with the time it will take to achieve maturity occupancy level. In addition, assumptions are made on the storage rent that can be achieved at the store by comparing with other stores within the portfolio and within the local area. These judgements taken together with estimates of operating costs and the projected construction cost, allow the Group to calculate the potential net operating profit at maturity, project returns on capital invested and hence to support the purchase price of the site at acquisition. Following the acquisition, regular reviews are carried out taking into account the status of planning negotiations, revised construction costs or capacity of the new facility, for example to make an assessment of the carrying value of the development property at historic cost. Once a store is opened, then it is valued as an investment property in the Group's balance sheet and transferred from development properties.

In the process of applying the Group's accounting policies, which are described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Financial risk management

Financial risk management is an integral part of the way the Group is managed. In the course of its business, the Group is exposed primarily to foreign exchange risk, interest rate risk, liquidity risk and credit risk. The overall aim of the Group's financial risk management policies is to minimise potential adverse effects on financial performance and net assets. The Group manages the financial risks within policies and operating parameters approved by the Board of Directors and does not enter into speculative transactions.

Treasury activities are managed centrally under a framework of policies and procedures approved by and monitored by the Board. These objectives are to protect the assets of the Group and to identify and then manage financial risk. In applying these policies, the Group will utilise derivative instruments, but only for risk management purposes.

The principal risk facing the Group is exposure to interest rate fluctuations. The Group is not exposed to significant foreign exchange risk as purchases are invoiced in either Sterling or Euro's. These risks are described further below:

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank borrowings, deep discounted bonds and loan notes. The Group borrows in sterling at floating rates and, where necessary, uses interest rate swaps into fixed rates (see note 19) to generate the preferred interest rate profile and to manage its exposure to interest rate fluctuations. A 1% change in interest rates would have a £1.1million impact on net interest. This sensitivity impact has been prepared by determining average floating interest rates and flexing these against average floating rate deposits and borrowings by major currency area over the course of the year.

Liquidity risk

The Group's policy on liquidity risk is to ensure that sufficient cash is available to fund on-going operations without the need to carry significant net debt over the medium term. The Group's principal borrowing facilities are provided by a group of core relationship banks in the form of term loans and overdrafts. The quantum of committed borrowing facilities available to the Group is reviewed regularly and is designed to exceed forecast peak gross debt levels.

1 Accounting policies (continued)

Credit risk

Credit risk arises on financial instruments such as trade receivables and short-term bank deposits. Policies and procedures exist to ensure that customers have an appropriate credit history and account customers are given credit limits that are monitored. Short-term bank deposits are executed only with A-rated authorised counter parties based on ratings issued by the major rating agencies. Counter party exposure positions are monitored regularly so that credit exposures to any one counter party are within predetermined limits. Overall, the Group considers that it is not exposed to a significant amount of credit risk. The amount of trade receivables outstanding at the year end does not represent the maximum exposure to operational credit risk due to the normal patterns of supply and payment over the course of a year. Based on management information collected as at month ends the maximum level of trade receivables at any one point during the year was £5.7million (2007– £5.1 million).

Price risk

The Group is not exposed to significant price risk.

Hedge risk

In order to qualify as a hedge, at inception, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

Cash flow hedges are a hedge of the exposure to the variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to the income statement.

Capital risk

The Group's objective when managing capital are to safeguard the Group's ability to continue to as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with other in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

Standards, amendments to standards and interpretations issued but not applied

During 2008, the Group's strategy, which was unchanged from 2007, was to maintain the gearing ratio within 50% to 70% and a Dunn & Bradstreet 5A1 credit rating. The gearing rations at 31 October 2008 and 2007 were as follows;

	2008 £'000	2007 £'000
Total borrowings	**354,785**	308,119
Less: cash and cash equivalents (note 15)	**(11,143)**	(18,583)
Net Debt	**343,642**	289,536
Total Equity	**255,826**	247,943
Total Capital	**599,468**	537,479
Gearing ratio	**57%**	54%

Standards, amendments to standards and interpretations issued but not applied

The following standards and interpretations had no material impact on the Group's results, assets or liabilities or were not relevant:

IFRS 4 'Insurance contracts'.

IFRIC 7 'Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies'.

IFRIC 8 'Scope of IFRS 2'.

IFRIC 9 'Reassessment of Embedded Derivatives'.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group and company

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2008 or later periods, but the group has not early adopted them:

IFRS 8, 'Operating segments' (effective from 1 January 2009). The standard is still subject to endorsement by the European Union. IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The group will apply IFRS 8 from 1 January 2009, subject to endorsement by the EU. The impact of adoption of this standard is still being assessed in detail by management.

The following amendments to standards and interpretations are unlikely to have a material impact on the Group's results, assets or liabilities or are not relevant:

IFRIC 11 'IFRS 2 – Group and treasury share transactions'.

IFRIC 12 'Service concession arrangements'.

IFRIC 13 'Customer loyalty programmes'.

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'

IFRIC 15 'Agreements for the construction of real estate'.

IFRIC 16 'Hedges of a net investment in a foreign operation'.

2 Segmental analysis

The Group's revenue, profit before income tax and net assets are attributable to one activity; the provision of self storage accommodation and related services. Segmental information is presented in respect of the Group's geographical segment. This is based on the Group's management and internal reporting structure.

The operating profits, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items principally comprise corporate and head office liabilities.

Year ended 31 October 2008	UK £'000	France £'000	Group £'000
Continuing operations			
Revenue	65,723	17,152	82,875
Operating profit	18,425	18,264	36,689
Financial costs	(20,809)	(1,780)	(22,589)
Financial income	783	44	827
Profit before tax	(1,601)	16,528	14,927
Income tax charge			(2,414)
Profit for the year			12,513
Segment assets	645,420	126,391	771,811
Unallocated assets			
– derivatives			190
– tax asset			5,495
Total assets			777,496
Segment liabilities	(96,678)	(22,355)	(119,033)
Unallocated liabilities:			
– group borrowings			(279,567)
– tax liabilities			(123,070)
Total liabilities			(521,670)
Net assets			255,826
Other segment items:			
Capital expenditure			
– development properties (note 10)	(17,984)	(3,464)	(21,448)
– property, plant and equipment (note 11)	(358)	–	(358)
Depreciation (note 5)	(125)	(18)	(143)
Impairment of trade receivables (note 14)	(230)	(494)	(724)

There were no inter-segment transfers or transactions entered into during the years ended 31 October 2008 and 31 October 2007.

2 Segmental analysis (continued)

Year ended 31 October 2007	UK £'000	France £'000	Group £'000
Continuing operations			
Revenue	61,440	12,863	74,303
Operating profit	108,430	14,194	122,624
Financial costs	(20,240)	(147)	(20,387)
Financial income	1,318	63	1,381
Profit before tax	89,508	14,110	103,618
Income tax charge			(25,433)
Profit for the year			78,185
Segment assets	622,158	89,882	712,040
Unallocated assets			
– derivatives			3,009
– tax asset			8,407
Total assets			723,456
Segment liabilities	(86,637)	(21,101)	(107,738)
Unallocated liabilities:			
– group borrowings			(243,726)
– tax liabilities			(124,049)
Total liabilities			(475,513)
Net assets			247,943
Other segment items:			
Capital expenditure			
– development properties (note 10)	(20,380)	(4,611)	(24,991)
– property, plant and equipment (note 11)	(198)	–	(198)
Depreciation (note 5)	(112)	(11)	(123)
Impairment of trade receivables (note 14)	(224)	(406)	(630)

3 Finance expenses – net

	2008 £'000	2007 £'000
Finance costs:		
Interest payable on bank loans and overdraft	**(16,685)**	(16,235)
Amortisation of debt issue costs on bank loan (note 18)	**(830)**	(660)
Interest payable on other loans	**(53)**	(176)
Interest on obligations under finance leases	**(6,691)**	(3,316)
Capitalised interest	**1,670**	–
Total finance cost	**(22,589)**	(20,387)
Finance income:		
Interest receivable from bank deposits	**827**	1,381
Finance expenses – net	**(21,762)**	(19,006)

4 Exceptional items

Exceptional items (included within administrative expenses) that have been credited during the year are set out below:

	2008 £'000	2007 £'000
Professional fees (IPO process)	–	(2,157)
Pension restructuring costs	–	(307)
Cost of share issues (IFRS 2)	–	3,222
Exceptional income	–	758

The costs of share issues in 2007 relates to an exceptional IFRS 2 release of £3.2m following agreement of share valuations.

5 Operating profit

The following items have been charged/(credited) in arriving at operating profit:

	2008 £'000	2007 £'000
Operating profit is after charging/(crediting):		
Staff costs (see note 28)	**14,069**	13,992
Inventories		
– cost of inventories recognised as an expense (included in cost of sales)	**1,115**	1,091
Depreciation on property, plant and equipment:		
– Owned assets (note 11)	**143**	123
Loss/(gain) on investment properties (see note 10)	**8,313**	(81,264)
Rentals under operating leases – Plant and machinery	**69**	98
Repairs and maintenance expenditure on Investment properties	**1,666**	1,608
Trade receivables impairment	**724**	630
Exceptional items (see note 4)	–	(758)

6 Fees paid to auditors

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor at costs detailed below:

	2008 £'000	2007 £'000
Audit services		
Fees payable to Company's auditor for the audit of the parent Company and consolidated financial statements	**40**	40
Fees for other services		
Fees payable to Company's auditor for the audit of the Company's subsidiaries pursuant to legislation	**146**	98
Statutory audit for overseas entities	**25**	25
Tax compliance	**38**	67
IFRS transitional project	–	14
REIT conversion project	**80**	–
Pension project	–	6
Restructuring	–	51
Corporate finance transactions (a)	–	1,124
Total	**329**	1,425

(a) Corporate finance transactions comprised the provision of advisory and reporting accountant services in relation to the IPO in 2007.

7 Income tax charge

Analysis of charge in year

	2008 £'000	2007 £'000
Current tax:		
UK Corporation tax charge	**(24)**	(76)
Adjustment in respect of prior year	**–**	568
Deferred tax (note 22)		
– Current year	**(3,609)**	(26,073)
– Adjustment in respect of prior year	**1,219**	148
Tax expense	**(2,414)**	(25,433)

Reconciliation of income tax charge

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2008 £'000	2007 £'000
Profit before tax	**14,927**	103,618
Tax calculated at domestic tax rates applicable in the UK: 28.83% (2007: 30%)	**4,303**	31,085
Effect of:		
Expenses not deductible for tax purposes	**82**	442
Release of provisions not subject to tax	**–**	(1,407)
Indexation on property revaluation	**(475)**	(475)
French tax losses not previously recognised	**(1,025)**	(71)
Difference from overseas tax rates	**748**	–
Prior year adjustments	**(1,219)**	(716)
Remeasurement of deferred tax change in UK tax rate	**–**	(3,425)
Tax expense	**2,414**	25,433

Current taxation for the year ended 31 October 2008 has been based on an effective statutory tax rate of 28.83%. This arises as the main rate of corporation tax in the UK changed to 28% from 30% from 1 April 2008.

8 Dividends per share

The dividend paid in 2008 was £8,717,000 (4.65p per share) (2007: £2,806,000 (1.5p per share)). A dividend in respect of the year ended 31 October 2008 of 3.0p (2007: 3.0p) per share, amounting to a dividend payment of £5,624,000 (2007: £5,612,000), is to be proposed at the Annual General Meeting on 26 March 2009. The ex-dividend date will be 25 February 2009 and the record date 27 February 2009, with an intended payment date of 6 April 2009. The final dividend has not been included as a liability at 31 October 2008.

9 Earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 October 2008			Year ended 31 October 2007		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic and diluted	**12.51**	**187.38**	**6.68**	78.19	181.77	43.02
Adjustments:						
Gain on investment properties	**8.31**	**–**	**4.44**	(81.26)	–	(44.71)
Exceptional items	**–**	**–**	**–**	(0.76)	–	(0.41)
Tax on adjustments	**(2.40)**	**–**	**(1.28)**	18.52	–	10.18
Adjusted	**18.42**	**187.38**	**9.84**	14.69	181.77	8.08

Adjusted earnings per share

Adjusted earnings per share represents profit after tax adjusted for the gain on investment properties, exceptional items and the associated tax on these adjustments. Gain on investment properties is shown net of revaluations on leasehold properties of £4.0m (2007: £5.8m) and the related tax thereon of £1.1 million (2007: £1.7 million). EPRA earnings, of £15.6 million (2007: £10.6 million) and EPRA earnings per share of 8.32 pence (2007: 5.85 pence) are calculated after further adjusting for these items.

10 Investment properties, development properties and interests in leasehold properties

	Investment property £'000	Interests in leasehold properties £'000	Total investment properties £'000	Development properties £'000
As at 1 November 2007	582,738	64,393	647,131	31,867
Additions	28,103	13,335	41,438	21,448
Reclassifications	22,448	(1,029)	21,419	(22,448)
Revaluations	(4,322)	(3,991)	(8,313)	–
Disposals	(17)	–	(17)	–
Exchange movements	8,706	2,510	11,216	616
As at 31 October 2008	**637,656**	**75,218**	**712,874**	**31,483**

	Investment property £'000	Interests in leasehold properties £'000	Total investment properties £'000	Development properties £'000
As at 1 November 2006	469,690	49,601	519,291	7,921
Additions	23,033	20,594	43,627	24,991
Reclassifications	1,743	–	1,743	(1,743)
Revaluations	87,066	(5,802)	81,264	–
Transfer of asset held for resale	–	–	–	698
Exchange movements	1,206	–	1,206	–
As at 31 October 2007	**582,738**	**64,393**	**647,131**	**31,867**

10 Investment properties, development properties and interests in leasehold properties (continued)

(Losses)/gains on investment properties comprise:

	2008 £'000	2007 £'000
Revaluations	(8,313)	81,494
Loss on disposal	–	(230)
	(8,313)	81,264

	Deemed cost £'000	Valuation £'000	Revaluation on deemed cost £'000
Freehold stores			
As at 1 November 2007	212,160	449,557	237,397
Movement in year	42,102	39,324	(2,778)
As at 31 October 2008	**254,262**	**488,881**	**234,619**
Leasehold stores			
As at 1 November 2007	56,776	133,181	76,405
Movement in year	8,449	15,594	7,145
As at 31 October 2008	**65,225**	**148,775**	**83,550**
All stores			
As at 1 November 2007	268,936	582,738	313,802
Movement in year	50,551	54,918	4,367
As at 31 October 2008	**319,487**	**637,656**	**318,169**

The valuation of £637.7m excluded £1 million in respect of owner occupied property. Rental income earned from Investment properties for the years ended 31 October 2008 and 31 October 2007 were £71.9m and £63.9m respectively.

The freehold and leasehold investment properties have been valued as at 31 October 2008 by external valuers, Cushman and Wakefield LLP ("C&W"). The valuation has been carried out in accordance with the RICS Valuation Standards published by The Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each of the investment properties has been prepared on the basis of market 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 have confirmed that:

- The members of the RICS who have been the signatories to the valuations provided to the company for the same purposes as this valuation have been so since October 2006.
- C&W do not provide other significant professional or agency services to the Group.
- In relation to the preceding financial year of C&W, the proportion of total fees payable by the Group to the total fee income of the firm is less than 5%.
- C&W have continuously been carrying out bi-annual valuations for accounts purposes on behalf of the Group since October 2006.

Market Uncertainty

C&W's valuation report comments on valuation uncertainty resulting from exceptional volatility in the financial markets and a lack of transactions in the property investment market. C&W note that although there were a number of self storage transactions in 2007, the only significant transaction in 2008 was the sale of 51% in Shurgard Europe which was announced

10 Investment properties, development properties and interests in leasehold properties (continued)

in January and completed on 31 March 2008. C&W observe that in order to provide a rational opinion of value at the present time it is necessary to assume that the property market will continue to trade in an orderly fashion. They have assumed that the self storage sector will continue to perform in a way not greatly different from that being anticipated prior to the 'credit crunch', however they have reflected negative sentiment in their capitalisation rates and they have reflected the current trading conditions in their cash flow projections for each property. C&W state that there is therefore greater uncertainty attached to their opinion of value than would be anticipated during normal market conditions.

Valuation method and assumptions

The valuation of the operational self storage facilities has been prepared having regard to trading potential. Cash flow projections have been prepared for all of the properties reflecting estimated absorption, revenue growth and expense inflation. A discounted cash flow method of valuation based on these cash flow projections has been used to arrive at market value for these properties.

C&W have adopted different approaches for the valuation of the leasehold and freehold assets as follows:

Freehold (UK and France)

The valuation is based on a discounted cash flow of the net operating income over a ten year period and notional sale of the asset at the end of the tenth year.

Leasehold (UK)

The same methodology has been used as for freeholds, except that no sale of the assets in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease.

Leasehold (France)

In relation to the French commercial leases, C&W have valued the cash flow projections in perpetuity due to the security of tenure arrangements in that market and the potential compensation arrangements in the event of the landlord wishing to take possession. The valuation treatment is therefore the same as for the freehold properties. Our capitalisation rates on these stores reflect the risk of the landlord terminating the lease arrangements.

11 Owner occupied property, plant and equipment

	Owner occupied buildings £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 November 2007	1,000	244	562	1,806
Additions	–	89	269	358
Disposals	–	(9)	–	(9)
At 31 October 2008	**1,000**	**324**	**831**	**2,155**
Accumulated depreciation				
At 1 November 2007	39	156	134	329
Charge for the year	13	54	76	143
Disposals	–	(9)	–	(9)
At 31 October 2008	**52**	**201**	**210**	**463**
Net book value				
At 31 October 2008	**948**	**123**	**621**	**1,692**
At 31 October 2007	961	88	428	1,477

11 Owner occupied property, plant and equipment (continued)

	Owner occupied buildings £'000	Motor vehicles £'000	Fixtures, fittings, signs and partitioning £'000	Total £'000
Cost				
At 1 November 2006	1,000	218	419	1,637
Additions	–	55	143	198
Disposals	–	(29)	–	(29)
At 31 October 2007	**1,000**	**244**	**562**	**1,806**
Accumulated depreciation				
At 1 November 2006	26	128	75	229
Charge for the year	13	51	59	123
Disposals	–	(23)	–	(23)
At 31 October 2007	**39**	**156**	**134**	**329**
Net book value				
At 31 October 2007	**961**	**88**	**428**	**1,477**
At 31 October 2006	974	90	344	1,408

12 Adjusted net assets per share

	2008 £'000	2007 £'000
Analysis of net asset value		
Basic and diluted net asset value	**255,826**	247,943
Adjustments:		
Deferred tax on revaluation	**123,070**	124,049
Adjusted net asset value	**378,896**	371,992
Basic net assets per share (pence)	**136.5**	132.5
Diluted net assets per share (pence)	**136.5**	132.5
Adjusted net assets per share (pence)	**202.1**	198.8
	Number	**Number**
Shares in issue	**187,471,348**	187,083,333

Net assets per share are shareholders' funds divided by the number of shares at the year end.

Adjusted net assets per share excludes deferred tax on the revaluation uplift on freehold and leasehold properties. The EPRA net asset value, which further excludes fair value adjustments for debt and related derivatives, was £382.0 million (2007: £369.0 million) giving EPRA net assets per share of 204.0 pence (2007: 197.2 pence).

13 Inventories

	2008 £'000	2007 £'000
Finished goods and goods for resale	**328**	330
Less: provisions for impairment of inventories	**(70)**	(78)
	258	252

The Group consumed £1,115,000 (2007: £1,091,000) of inventories during the year. Inventory write downs were £nil for both the financial years ending 31 October 2008 and 31 October 2007.

Inventories of £258,000 (2007: £252,000) are carried at fair value less costs to sell. Provisions are made against slow moving and obsolete stock lines where considered appropriate.

14 Trade and other receivables

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Trade receivables	**5,637**	5,490
Less: provision for impairment of receivables	**(943)**	(865)
Trade receivables – net	**4,694**	4,625
Other receivables	**1,450**	2,474
Prepayments and accrued income	**6,656**	5,631
	12,800	12,730

Movements on the group provision for impairment of trade receivables are as follows:

	2008 £'000	2007 £'000
Provisions for doubtful debts against trade receivables:		
At 1 November	**865**	783
Provision for receivables impairment	**724**	630
Receivables written off during the year as uncollectible	**(646)**	(548)
At 31 October	**943**	865

The creation and release of provision for impaired receivables have been included in 'cost of sales' in the income statement.

Trade receivables that are less than 28 days overdue are not considered impaired. As of 31 October 2008, trade receivables of £107,000 (2007: £48,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2008 £'000	2007 £'000
Up to 28 days overdue	**107**	48

The above balances are short-term and therefore the difference between the book value and the fair value of the above receivables is not significant consequently these have not been discounted.

As of 31 October 2008, trade receivables of £943,000 (2007: £865,000) were impaired and provided for in full. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

15 Cash and cash equivalents

	2008 £'000	2007 £'000
Cash at bank and in hand	**11,143**	18,583

The effective interest rate on short-term deposits for both financial years was 1/4% below LIBOR and these deposits have an average maturity of 1 day (2007: 1 day).

Other financial assets comprise £1,561,000 (2007: £nil) of deposits held in a solicitor's client account. As this is not readily available it is not classified as cash.

16 Trade and other payables – current and non current

	2008 £'000	2007 £'000
Current		
Trade payables	**8,498**	9,112
Other taxes and social security payable	**657**	695
Other payables	**8,858**	8,084
Accruals and deferred income	**20,713**	23,719
	38,726	41,610
Non current		
Other payables	**1,333**	1,605

Current income tax of £43,000 (2007: £47,000) is included within the other payables of £8,858,000 (2007: £8,084,000) shown above.

17 Current income tax liabilities

	2008 £'000	2007 £'000
Current income tax liability	**43**	47

18 Financial liabilities – borrowings

Current	2008 £'000	2007 £'000
Bank loans and overdrafts due within one year or on demand:		
Secured – bank loan[1]	**4,000**	4,000
Debt issue costs	**(960)**	(660)
	3,040	3,340

Non-current	2008 £'000	2007 £'000
Bank loans:		
Secured	**278,000**	242,146
Debt issue costs	**(1,473)**	(1,760)
	276,527	240,386

All of the Group's borrowings are denominated in Sterling.

18 Financial liabilities – borrowings (continued)

Finance costs of £2,433,000 (2007: £2,420,000) have been capitalised against bank loans and other borrowings and are being amortised over the life of the banking and loan facilities during the year.

1. The bank loans and overdrafts are secured by a fixed charge over the group's investments property portfolio. In July 2006, as part of the interest rate management strategy the group entered into one interest rate swap for a notional principal amount of £177,750,000 commencing in December 2006 and maturing in July 2011. Under this swap, the group receives interest on a variable basis and pays interest at a rate of 5.21525%.

The maturity profile of the carrying amount of the Group's non current liabilities at 31 October 2008 was as follows:

	Bank loan £'000	Finance leases £'000	Total 2008 £'000	Bank loans £'000	Finance leases £'000	Total 2007 £'000
Expiring between 1-2 years	**4,000**	**858**	**4,858**	4,000	–	4,000
Expiring between 2-5 years	**274,000**	**1,692**	**275,692**	238,146	4,508	242,654
Expiring after 5 years	**–**	**62,058**	**62,058**	–	50,945	50,945
	278,000	**64,608**	**342,608**	242,146	55,453	297,599

Bank loans are stated before unamortised issue costs of £2,433,000 (2007: £2,420,000).

Bank loans are repayable as follows:

	Group	
	2008 £'000	**2007 £'000**
In one year or less	**4,000**	4,000
Between one and two years	**4,000**	4,000
Between two and five years	**274,000**	238,146
Bank loans	**282,000**	246,146
Unamortised issue costs due within one year	**(960)**	(660)
Unamortised issue costs due after one year	**(1,473)**	(1,760)
	279,567	243,726

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

	2008	2007
Bank loans	**LIBOR plus 0.90%**	LIBOR plus 1.25%
Bank overdrafts	**n/a**	0.5% above EURIBOR

Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at 31 October in respect of which all conditions precedent had been met at that date:

	Floating rate	
	2008 £'000	**2007 £'000**
Expiring beyond 1 year	**19,700**	55,584

19 Financial instruments

Numerical financial instruments disclosures are set out below. Additional disclosures are set out in the Financial review on pages 14 to 21.

	2008 Liability £'000	2007 Asset £'000
Interest rate swaps – cash flow hedge	**3,457**	3,009

All financial instruments are current.

In accordance with IAS39 'Financial Instruments: recognition and measurement', Safestore Holdings Plc has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No adjustments have been identified following this review.

Net fair values of derivative financial instruments

The net fair values of derivative financial instruments designated for cash flow hedges at the balance sheet date were:

	2008 Liability £'000	2007 Asset £'000
Interest rate swaps	**2,390**	2,264

Interest rate swap

The notional principal amount of the outstanding interest rate swap contract at 31 October 2008 was £177,750,000 (2007: £177,750,000). At 31 October 2008 the fixed interest rate was 5.21525% (2007: 5.21525%) and floating rates are at LIBOR plus a margin. The loss in the year has been recognised in the SORIE as appropriate hedging documentation existed.

Basis Swap

At 31 October 2008, the Group had interest rate swap contracts outstanding for a notional principal amount of £177,750,000 commencing 31 December 2008. The Group will receive one month LIBOR plus 32 basis points every month and pay six month LIBOR bi-annually. The Swap contracts expire on 31 December 2009.

Fair values of non-derivative financial assets and financial liabilities

Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at prevailing interest rates and by applying year end exchange rates. The carrying amounts of both short-term borrowings, bank loans and finance leases approximate to book value.

	2007 Book value	2007 Fair value	2008 Book value	2008 Fair value
Bank loans	240,386	240,386	**279,567**	**279,567**
Finance lease obligations	64,393	64,393	**75,218**	**75,218**

The fair values of non-derivative financial assets and liabilities equal their book values.

19 Financial instruments (continued)

Financial instruments by category

Group	Loans and receivables	Derivatives used for hedging	Total
Assets as per balance sheet			
Other financial assets	1,561	–	1,561
Derivative financial instruments	–	190	190
Trade receivables and other receivables excluding prepayments	6,144	–	6,144
Cash and cash equivalents	11,143	–	11,143
As at 31 October 2008	**18,848**	**190**	**19,038**

Group	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet			
Borrowings (excluding finance lease liabilities)	–	279,567	279,567
Finance lease liabilities	–	75,218	75,218
Derivative financial instruments	3,647	–	3,647
Trade payable and other payables	–	40,059	40,059
As at 31 October 2008	**3,647**	**394,844**	**398,491**

Group	Loans and receivables	Derivatives used for hedging	Total
Assets as per balance sheet			
Derivative financial instruments	–	3,009	3,009
Trade receivables and other receivables excluding prepayments	7,099	–	7,099
Cash and cash equivalents	18,583	–	18,583
As at 31 October 2007	**25,682**	**3,009**	**28,691**

Group	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet		
Borrowings (excluding finance lease liabilities)	243,726	243,726
Finance lease liabilities	64,393	64,393
Trade payable and other payables	43,215	43,215
As at 31 October 2007	**351,334**	**351,334**

20 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Within one year	**10,945**	9,331	**10,610**	8,940
Within two to five years	**37,496**	33,049	**29,853**	25,767
Greater than five years	**73,179**	67,140	**34,755**	29,686
	121,620	109,520	**75,218**	64,393
Less: future finance charges on finance leases	**(46,402)**	(45,127)	**–**	–
Present value of finance lease obligations	**75,218**	64,393	**75,218**	64,393

All lease obligations are denominated in sterling.

The fair value of the Group's lease obligations approximates to their carrying value.

	2008 £'000	2007 £'000
Current	**10,610**	8,940
Non-current	**64,608**	55,453
	75,218	64,393

21 Provisions

	Dilapidations provision £'000
At 1 November 2007	130
Used during the year	(21)
At 31 October 2008	**109**

Provisions have been analysed between current and non-current as follows:

	2008 £'000	2007 £'000
Current	**–**	–
Non-current	**109**	130
	109	130

Dilapidation provision

The provision relates to anticipated future costs at two stores that are expected to be incurred between 1-3 years (2007: 1-3 years).

22 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2007: 28%) for the UK and 33.3% (2007: 30%) for France. The movement on the deferred tax account is as shown below:

The gross movement on the deferred income tax account is as follows:

	2008 £'000	2007 £'000
At 1 November	**115,642**	91,981
Profit and loss charge (note 7)	**2,390**	25,925
(Released)/charged to equity	**(1,812)**	819
Tax rate change – released to equity	**–**	(3,157)
Exchange differences	**1,355**	74
At 31 October	**117,575**	115,642

At 31 October 2008, the Group had capital losses of £ 2.6million (2007: £2.6 million).

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where it is considered probable that these assets will be recovered in the foreseeable future.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS12) during the period are shown below.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Deferred tax liability	Accelerated tax depreciation on provisions £'000	Interest swap £'000	Other timing differences £'000	Total £'000
At 1 November 2006	101,614	–	–	101,614
Reclassifications	(847)	–	847	–
Charged to profit and loss account	23,673	–	1,100	24,773
Charged to equity	–	745	–	745
Tax rate change – release to equity	(3,157)	–	–	(3,157)
Exchange differences	74	–	–	74
At 31 October 2007	**121,357**	**745**	**1,947**	**124,049**
At 1 November 2007	121,357	745	1,947	124,049
Reclassifications	–	(745)	–	(745)
Released to profit and loss account	(1,355)	–	(650)	(2,005)
Exchange differences	1,771	–	–	1,771
At 31 October 2008	**121,773**	**–**	**1,297**	**123,070**

22 Deferred tax (continued)

Deferred tax asset	Tax losses £'000	Interest swap £'000	Other £'000	Total £'000
At 1 November 2006	9,559	–	74	9,633
Charged to profit and loss account	(1,152)	–	–	(1,152)
Charged to equity	–	–	(74)	(74)
At 31 October 2007	**8,407**	**–**	**–**	**8,407**
At 1 November 2007	8,407	–	–	8,407
Reclassifications	–	(745)	–	(745)
Charged to profit and loss account	(4,395)	–	–	(4,395)
Released to equity	–	1,812	–	1,812
Exchange differences	416	–	–	416
At 31 October 2008	4,428	1,067	–	5,495

The deferred tax liability due after more than one year is £123.1 million (2007: £124.0 million).

23 Called up share capital

	2008 £'000	2007 £'000
Authorised		
300,000,000 (2007: 300,000,000) ordinary shares of 1p each	**3,000**	3,000
Called up, allotted and fully paid		
188,135,088 (2007: 187,083,333) ordinary shares of 1p each	**1,881**	1,871

Ordinary shares

The holders of the ordinary shares shall be entitled to one vote for each ordinary share.

On 31 January 2008, the company allotted and issued 1,051,755 ordinary shares of 1p each at a premium of 145.7p per share to the Safestore Employee Benefit Trust in satisfaction of awards under the Long Term Incentive Plan. The Employee Benefit Trust retains 663,740 ordinary shares, valued at £974,000 on issue, in respect of matching share awards which vest on 31 January 2011 if average performance criteria is achieved over the three year vesting period.

Safestore Holdings plc Sharesave Scheme

Options were granted under the schemes on 14 August 2008 to employees in the UK. Employees save a fixed monthly amount for a fixed term. At the end of the period employees have up to six months to exercise their right to buy shares at a defined exercise price set at grant date. Options have been granted with terms of 3 and 5 years.

23 Called up share capital (continued)

The fair value of the options was assessed by an independent actuary using a Black-Scholes model based on the assumptions set out in the table below:

Grant date	9 August 2007 (UK 3 years)	9 August 2007 (UK 5 years)	9 August 2007 (France 4 years)	14 August 2008 (UK 3 years)	14 August 2008 (UK 5 years)
Number of options granted	211,079	150,369	27,217	130,350	136,955
Share price at grant date	186p	186p	186p	141p	141p
Exercise price	147p	147p	176.5p	118.4p	118.4p
Risk free rate of interest	5.50%pa	5.40%pa	5.44%pa	4.50%pa	4.55%pa
Expected volatility	35%pa	35%pa	35%pa	40%pa	40%pa
Expected dividend yield	2.40%pa	2.40%pa	2.40%pa	3.0%pa	3.0%pa
Expected term to exercise	3 years	5 years	4 years	3 years	5 years
Value per option	66p	74p	59p	47p	53p

At 31 October 2008, options over 655,970 ordinary shares were outstanding under the Sharesave scheme. Details at the start and end of the accounting year are set out below:

Date of grant	At 31 October 2007	Granted	Exercised/ vested	Forfeits	At 31 October 2008	Exercise price	Expiry date
Safestore Holdings plc Sharesave Scheme							
9/8/2007	211,079	–	–	–	211,079	147p	9/2/2011
9/8/2007	27,217	–	–	–	27,217	176.5p	9/2/2012
9/8/2007	150,369	–	–	–	150,369	147p	9/2/2013
14/8/2008	–	130,350	–	–	130,360	118.4p	14/2/2012
14/8/2008	–	136,955	–	–	136,955	118.4p	14/2/2014
	388,665	267,305	–	–	655,970		

24 Retained earnings

	£'000
Balance at 1 November 2007	215,594
Profit for the year	12,513
Dividend payment (note 8)	(8,717)
Long term incentive plan share awards	1,533
Own shares	(974)
Balance at 31 October 2008	**219,949**

25 Statement of changes in shareholders' equity

Group	Share capital £'000	Share premium £'000	Translation reserve £'000	Hedge reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 November 2007	1,871	28,410	152	1,916	215,594	247,943
Profit for the year	–	–	–	–	12,513	12,513
Dividends (note 8)	–	–	–	–	(8,717)	(8,717)
Exchange differences on translation of foreign operations	–	–	8,240	–	–	8,240
Long term incentive plan share awards	10	–	–	–	1,533	1,543
Own shares	–	–	–	–	(974)	(974)
Adjustment in respect of share issue	–	(61)	–	–	–	(61)
Cash flow hedge	–	–	–	(4,661)	–	(4,661)
Balance at 31 October 2008	**1,881**	**28,349**	**8,392**	**(2,745)**	**219,949**	**255,826**

The translation reserve of £8,392,000 (2007: £152,000) comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

26 Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities:

Cash generated from continuing operations	2008 £'000	2007 £'000
Profit before income tax	**14,927**	103,618
Loss/(gain) from fair value adjustment on investment properties	**8,313**	(81,264)
Depreciation	**143**	123
Finance income	**(827)**	(1,381)
Finance expense	**22,589**	20,387
Employee share options	**–**	18
Changes in working capital:		
Increase in inventories	**(6)**	(80)
(Increase)/decrease in trade and other receivables	**279**	(2,085)
Increase in trade and other payables	**200**	735
Decrease in pension scheme liabilities	**–**	(247)
Decrease in provisions	**(21)**	(50)
Cash generated from continuing operations	**45,597**	39,774

27 Analysis of movement in net debt

	2007 £'000	Cash flows £'000	Non cash movements £'000	2008 £'000
Cash in hand	18,583	(7,440)	–	**11,143**
Overdrafts	–	–	–	**–**
	18,583	(7,440)	–	**11,143**
Debt due within 1 year	(3,340)	4,000	(3,700)	**(3,040)**
Debt due after 1 year	(240,386)	(39,854)	3,713	**(276,527)**
Total net debt excluding finance leases	(225,143)	(43,294)	13	**(268,424)**
Finance leases due within 1 year	(8,940)	10,682	(12,352)	**(10,610)**
Finance leases due after 1 year	(55,453)	–	(9,155)	**(64,608)**
Total finance leases	(64,393)	10,682	(21,507)	**(75,218)**
Total net debt	(289,536)	(32,612)	(21,494)	**(343,642)**

Non-cash changes relate to reclassification of non-current debt to current debt, amortisation of debt issue costs, foreign exchange movements and interest charges on finance leases.

28 Employees and directors

Staff costs (including Directors) for the group during the year	2008 £'000	2007 £'000
Wages and salaries	**11,665**	12,114
Social security costs	**1,783**	1,713
Pension costs	**343**	147
Share based payments	**278**	18
	14,069	13,992

The Company's equity-settled share-based payment arrangements comprised the Safestore Holdings plc Sharesave Schemes. The number of awards made under each scheme are detailed in Note 23. No options have been modified since grant under either scheme.

Average monthly number of people (including executive directors) employed	2008 Number	2007 Number
Sales	**435**	403
Administration	**59**	61
	494	464

Key management compensation	2008 £'000	2007 £'000
Wages and salaries	**1,980**	3,050
Social security costs	**369**	503
Post-employment benefits	**155**	81
	2,504	3,634

28 Employees and directors (continued)

The key management figures given above include directors.

Directors	2008 £'000	2007 £'000
Aggregate emoluments	**773**	1,460
Company contributions paid to money purchase pension schemes	**71**	47
	844	1,507

There were two directors (2007: two) accruing benefits under a money purchase scheme.

Fees of £25,000 (2007: £461,000) were paid to Bridgepoint Capital Limited for the services provided by Vincent Gwilliam (2007: Vincent Gwilliam and Alan Payne).

Remuneration of highest paid director:	2008 £'000	2007 £'000
Aggregate emoluments	**366**	557
Company contributions paid to money purchase scheme	**41**	32
	407	589

29 Retirement benefit obligations

As part of the acquisition of Mentmore plc in June 2004, the acquired group had a defined benefit scheme in the UK which offers both pensions in retirement and death benefits to members. The defined benefit scheme has had no active members since March 2004. From 1 April 2007, the Group ceased paying contributions to the Scheme and the Scheme commenced winding-up with effect from 1 November 2007.

Defined benefit scheme

A full actuarial valuation was carried out at 31 October 2008 by a qualified independent actuary. All liabilities were transferred to Legal & General with effect from 2 June 2008. The major assumptions used by the actuary were (in nominal terms) as follows:

	2008	2007
Rate of increase in salaries	**–**	–
Rate of increase in pensions in payment	**–**	3.5%
Discount rate	**–**	5.9%
Inflation assumption	**–**	3.5%

The assumptions used in determining the overall expected return of the scheme have been set with reference to yields available on government bonds and appropriate risk margins.

Pension and other post retirement obligations

The amounts recognised in the balance sheet are determined as follows:

	2008 £'000	2007 £'000
Present value of funded obligations	**–**	(329)
Fair value of plan assets	**90**	476
Irrecoverable surplus	**(90)**	(147)
Net pension asset	**–**	–

29 Retirement benefit obligations (continued)

The major categories of plan assets as a percentage of total plan assets are as follows:

	2008 %	2007 %
Bonds	**100**	100

The amounts recognised in the profit and loss account are as follows:

	2008 £'000	2007 £'000
Interest cost	**8**	51
Expected return on plan assets	**(15)**	(52)
Settlements and curtailments	**64**	(286)
Total included within staff costs	**57**	(287)

Changes in the present value of the defined benefit obligation are as follows:

	2008 £'000	2007 £'000
Present value of obligation, 1 November	**329**	1,417
Interest cost	**8**	51
Benefits paid	**(392)**	(815)
Actuarial gains recognised in the year	**(9)**	(38)
Settlements and curtailments	**64**	(286)
Present value of the obligation, 31 October	**–**	329

Changes in the fair value of the plan assets are as follows:

	2008 £'000	2007 £'000
Fair value of plan assets, 1 November	**476**	1,170
Expected return on plan assets	**15**	52
Contributions	**–**	147
Benefits paid	**(392)**	(815)
Actuarial losses on plan assets	**(9)**	(78)
Fair value of plan assets, 31 October	**90**	476

Analysis of movement in the balance sheet	2008 £'000	2007 £'000
At 1 November	**–**	247
Total interest expense as above	**(7)**	(1)
Contributions	**–**	147
Net actuarial (gain)/loss recognised in the year	**–**	40
Settlements and curtailments	**64**	(286)
Irrecoverable surplus	**(57)**	(147)
At 31 October	**–**	–

29 Retirement benefit obligations (continued)

Cumulative actuarial gains and losses recognised in equity	2008 £'000	2007 £'000
At 1 November and 31 October	**2**	2

History of experience gains and losses	2008	2007	2006
Experience adjustment arising on scheme assets			
Amount (£'000)	**(9)**	(78)	73
% of plan assets	**(10%)**	(16%)	6%
Experience adjustment arising on scheme liabilities			
Amount (£'000)	**(9)**	(38)	70
% of plan liabilities	**N/A**	(12%)	5%
Present value of scheme liabilities (£'000)	**–**	(329)	(1,417)
Fair value of scheme assets (£'000)	**90**	476	1,170
Surplus/(deficit) (£'000)	**90**	147	(247)

30 Operating lease commitments – minimum lease payments

The group operates from various premises that are held under non-cancellable operating leases. Total commitments under non-cancellable operating leases:

	Land and buildings 2008 £'000	Vehicles, plant and equipment 2008 £'000	Land and buildings 2007 £'000	Vehicles, plant and equipment 2007 £'000
Within one year	**–**	**17**	28	6
Later than one year and less than five years	**–**	**–**	–	15
After five years	**–**	**–**	–	–
	–	**17**	28	21

31 Contingent liabilities

As part of the Group banking, the Company has guaranteed the borrowings totalling £282.0 million (2007: £246.1 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 remote and therefore no provision has been recorded.

32 Capital commitments

The Group had £13.0m capital commitments as at 31 October 2008 (2007: £17.9m).

33 Related party transactions

During the year the following transactions were carried out with related parties:

Bridgepoint Capital	2008 £'000	2007 £'000
Bridgepoint – director fees	**25**	461

The following amounts are outstanding, owing to Bridgepoint Capital Limited at 31 October:

	2008 £'000	2007 £'000
Trade payables	**2**	2

34 Post balance sheet events

On 10 December 2008, the Group entered into a €60m term loan facility which is secured against the Group's properties in Paris. The facility expires on 6 July 2011.

	Note	Company 2008 £'000	Company 2007 £'000
Fixed assets			
Tangible fixed assets	5	**92**	121
Investments in subsidiaries	6	**979**	979
		1,071	1,100
Current assets			
Debtors: amounts falling due within one year	7	**142**	207
Debtors: amounts falling due after more than one year	7	**42,062**	30,918
Cash at bank and in hand		**16**	945
		42,220	32,070
Creditors: amounts falling due within one year	8	**(612)**	(1,747)
Net current assets		**41,608**	30,323
Total assets less current liabilities		**42,679**	31,423
Creditors: amounts falling due after more than one year	8	**–**	–
Net assets		**42,679**	31,423
Shareholders' funds			
Called up share capital	9	**1,881**	1,871
Share premium	11	**28,349**	28,410
Profit and loss reserve	10,11	**12,449**	1,142
Shareholders' funds		**42,679**	31,423

The Company financial statements on pages 87 to 91 were approved by the Board of Directors on 20 January 2009 and signed on its behalf by:

RD Hodsden
Director

SW Williams
Director

1 Accounting policies and basis of preparation

The financial statements are prepared in accordance with applicable accounting standards in the UK and the Companies Act 1985. The particular accounting policies adopted are described below. The financial statements are prepared under the historical cost convention.

Although the Group consolidated accounts are prepared under IFRS, Safestore Holdings Plc's financial statements presented in this section are prepared under UK GAAP.

There have been no new accounting standards adopted during the year.

Investments

Investments held as fixed assets are stated at cost less provision for impairment in value.

Tangible fixed assets

Tangible fixed assets are measured at cost, being all directly attributable costs in bringing the asset into working condition for its intended use. Depreciation has been charged at the rate of 15% per annum on a reducing balance basis.

Cash flow statement

The company has taken advantage of the exemption given in FRS1 and has consequently not prepared a cash flow statement.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment for accounts and taxation purposes of event and transactions recognised in the financial statements of the current and previous years. Deferred taxation is calculated at the rates at which it is estimated that taxation will arise.

Deferred taxation is not provided in respect of timing differences arising from the sale or revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into, and it is unlikely that any gain will be rolled over.

Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred tax asset can be recovered in future years.

2 Results of parent company

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent Company is not presented as part of these financial statements. The parent Company's profit for the financial year amounted to £19,465,000 (2007: £2,665,000).

3 Director emoluments

The director emoluments are disclosed in note 28 of the Annual Report and Accounts of the Group.

4 Operating profit

The Company does not have any employees (2007: nil). Auditors' remuneration for the year ended 31 October 2008 was £10,000 (2007: £10,000).

5 Tangible fixed assets

Company	2008 Total £'000
Cost	
As at 31 October 2007 and at 31 October 2008	**196**
Accumulated depreciation	
As at 1 November 2007	**75**
Depreciation	**29**
At 31 October 2008	**104**
Net book amount	
At 31 October 2008	**92**
At 31 October 2007	**121**

6 Fixed asset investments

	2008 £'000	2007 £'000
Cost		
At 31 October 2007 and 31 October 2008	**979**	979

Investments in Group undertakings are stated at cost. The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A list of principal subsidiary undertakings is given below. A full list of subsidiary undertakings at 31 October 2008 will be annexed to the Company's next annual return.

Interests in subsidiary undertakings

The Company has the following wholly owned subsidiaries, unless stated otherwise:

Subsidiary	Country of incorporation	Principal activity	Proportion of ordinary shares held (%)	Note
Safestore Group Limited	England and Wales	Holding company	100	
Safestore Acquisition Limited	England and Wales	Holding company	100	1
Safestore Limited	England and Wales	Provision of self storage	100	2
Spaces Personal Storage Limited	England and Wales	Holding company	100	2
Mentmore Limited	England and Wales	Holding company	100	3
Safestore Properties Limited	England and Wales	Holding company	100	4
Une Pièce En Plus SAS	France	Provision of self storage	100	5
Access Storage Holdings (France) S.a.r.l	Luxembourg	Holding company	100	5

Note

1 Safestore Acquisition Limited is a 100% subsidiary of Safestore Group Limited.

2 Safestore Limited and Spaces Personal Storage Limited are both 100% subsidiaries of Safestore Acquisition Limited.

3 Mentmore Limited is a 100% subsidiary of Safestore Acquisition Limited.

4 Safestore Properties Limited is a 100% subsidiary of Mentmore Limited.

5 Une Pièce En Plus SAS and Access Storage Holdings (France) S.a.r.l are both 100% subsidiaries of Mentmore Limited.

7 Trade and other receivables – current and non current

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Other debtors	**72**	137
Deferred tax asset	**70**	70
	142	207
Amounts falling due after one year:		
Amounts owed by subsidiary undertakings	**42,062**	30,918

Concentration of credit risk with respect to trade receivables are limited due to the group's customer base being large and unrelated. Due to this, management believe there is no further credit risk provision required in excess of normal provision for doubtful receivables.

8 Trade and other payables – current and non current

Amounts falling due within one year:	2008 £'000	2007 £'000
Trade payables	**72**	258
Other taxes and social security	**286**	286
Accruals and deferred income	**254**	1,203
	612	1,747

9 Share capital

	2008 £'000	2007 £'000
Authorised		
300,000,000 ordinary shares of 1p each	**3,000**	3,000
Called up, allotted and fully paid		
188,135,088 (2007: 187,083,333) ordinary shares of 1p	**1,881**	1,871
At 31 October	**1,881**	**1,871**

Ordinary shares

The holders of the ordinary shares shall be entitled to one vote for each ordinary share.

Information on shares issued during the year is shown in note 23 of the group accounts.

10 Profit and loss reserve

	£'000
Balance at 31 October 2007	1,142
Profit for the year	19,465
Long term incentive plan share awards	1,533
Own shares	(974)
Dividend	(8,717)
Balance at 31 October 2008	12,449

11 Reconciliation of movement in shareholders' funds

	Share capital £'000	Share premium £'000	Profit and loss reserve £'000	Total £'000
Opening shareholders' funds	1,871	28,410	1,142	31,423
Profit for the year	–	–	19,465	19,465
Dividends paid	–	–	(8,717)	(8,717)
Long term incentive plan share awards	10	–	1,533	1,543
Own shares	–	–	(974)	(974)
Adjustment in respect of share issue	–	(61)	–	(61)
Closing shareholders' funds	**1,881**	**28,349**	**12,449**	**42,679**

12 Related party transactions

The Company has taken advantage of the exemption available under FRS8, 'Related Party Disclosures' and has not disclosed details of its transactions with related certain parties. This exemptions is available as the transactions are with entities that are part of the same group and the consolidated accounts are publicly available.

Non-executive directors

Richard Grainger, Chairman (48)

Richard Grainger joined the Board on 1 February 2007 as a Non-Executive Director and he was appointed Chairman on 27 March 2008. After graduating from Oxford University, Mr Grainger qualified as a chartered accountant at Price Waterhouse. He started at Hill Samuel Bank Limited in 1987 and subsequently joined Close Brothers Corporate Finance Limited ("CBCF") in 1996. In 2001, Mr Grainger was appointed Chief Executive of CBCF having previously run the Leisure and Retail team and founded Close Brothers Corporate Finance's Corporate Restructuring Group. Mr Grainger is a member of the Management Board of Close Brothers Group plc. Mr Grainger is an Associate Member of the Institute of Chartered Accountants in England and Wales.

Vincent Gwilliam, Non-Executive Director (49)

Vince Gwilliam joined the Board in October 2003 as a Non-Executive Director. Mr Gwilliam is a partner at Bridgepoint Capital Limited, a private equity provider, where he is responsible for Bridgepoint's investments in the retail sector. Prior to joining Bridgepoint in 1987, Mr Gwilliam worked at Coopers & Lybrand in the UK Business Services Group. Mr Gwilliam is a graduate of Durham University and is an Associate Member of the Institute of Chartered Accountants in England and Wales.

Roger Carey, Non-Executive Director (64)

Roger Carey joined the Board on 1 February 2007 as Non-Executive Director. He was a director of Slough Estates plc from 1983 to 1996 and was chief executive of Saville Gordon Estates plc from 1997, leading to a management buyout in 2002. The company, renamed Industrious, was subsequently sold to Brixton plc in 2005. Mr Carey was a Non-Executive Director of TR Property Services Ltd and Protego Industrial Ltd. He is a Non-Executive Director of Basset Trust Ltd and of residual Industrious companies. He is a past President of the British Property Federation. Mr Carey is a Fellow of the Royal Institution of Chartered Surveyors.

Adrian Martin, Non-Executive Director (58)

Adrian Martin joined the Board on 15 September 2008 as Non-Executive Director. He spent 30 years at BDO Stoy Hayward and was Managing Partner before leaving the firm in 2000. Mr Martin was appointed Chief Executive of the law firm Reynolds Porter Chamberlain LLP in 2002; he stepped down from this role in January 2008 and currently acts a consultant to the firm. Mr Martin has served on the Board of Carphone Warehouse Group plc from 2000 to July 2008. He is a Non-Executive Director of M&C Saatchi plc and Morgan Sindall plc. Since 2001, Mr Martin has been Hon. Treasurer of the Disasters Emergency Committee, the UK national charity that unites humanitarian agencies to provide emergency relief to major overseas disasters. He has also held other Non-Executive roles in private companies and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Executive directors

Stephen Williams, Chief Executive Officer (56)

Stephen Williams joined the Group in June 2001 as Chief Operating Officer, following a period as an external consultant for the Company. Mr Williams was appointed to the position of Chief Executive Officer in January 2002. He has over 30 years' experience in the retail industry and management. Mr Williams was Operations Director at Pet City between 1993 and 2000 and Operation Controller at Wickes from 1991 to 1993. Prior to this he had an eighteen-year tenure at PayLess D.I.Y., becoming their Operations Director.

Richard Hodsden, Chief Financial Officer (42)

Richard Hodsden joined the Group in August 2002 as Chief Financial Officer. He previously held the position of finance director at Globalvault plc, Security Printing & Systems Limited and Lifestyle Upholstery Limited. He was also Financial Controller of Flextronics International Limited and Financial Controller of Parliamentary and Secure Services, The Stationery Office. Mr Hodsden started his career at KPMG, where he qualified as a chartered accountant in 1991. Mr Hodsden is a Fellow of the Institute of Chartered Accountants in England and Wales.

This information is important and requires your immediate attention. If you have any doubts about what action you need to take, you should contact your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000 immediately.

If you have sold or transferred all of your holding of ordinary shares in Safestore Holdings plc you should pass this information and the accompanying documents to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

SAFESTORE HOLDINGS PLC
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Safestore Holdings plc (the "**Company**") will be held at Brittanic House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT on 26 March 2009 at 12:00 noon for the following purposes:

ORDINARY BUSINESS

1. To receive the Company's annual accounts for the financial year ended 31 October 2008, together with the directors' report, the directors' remuneration report, and the auditors' report on those accounts and on the auditable part of the directors' remuneration report.

2. To re-appoint PricewaterhouseCoopers LLP as auditors to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which accounts are laid.

3. To authorise the directors to determine the auditors' remuneration.

4. To declare a final dividend for the year ended 31 October 2008 of 3.0 pence per ordinary share payable to shareholders on the register at the close of business on 27 February 2009.

5. To appoint Adrian Martin as a director of the Company in accordance with the Company's Articles of Association.

6. To re-appoint Vincent Gwilliam as a director of the Company in accordance with the Company's Articles of Association.

7. To re-appoint Richard Hodsden as a director of the Company in accordance with the Company's Articles of Association.

8. To approve the directors' remuneration report for the financial year ended 31 October 2008.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions of which resolutions 9, 10, 11 and 12 will be proposed as ordinary resolutions and resolutions 13, 14 and 15 will be proposed as special resolutions.

Ordinary Resolution

9. That the rules of the Safestore 2009 Performance Share Plan (the "**PSP**") a summary of which is set out in the Appendix to this Notice and a copy of which is produced in draft to the meeting and initialled by the Chairman for the purposes of identification be and are hereby approved and the directors of the Company be authorised to:

   (a) make such modifications to the PSP as they may consider appropriate for the implementation of the PSP and to adopt the PSP as so modified and to do all such other acts and things as they may consider appropriate to implement the PSP; and

   (b) establish further plans based on the PSP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the PSP.

Ordinary Resolution

10. To authorise the Company and all companies that are its subsidiaries at any time during the period for which this resolution has effect for the purposes of section 366 of the Companies Act 2006 (the "**Act**") to:

(a) make political donations to political parties or independent election candidates (as such terms are defined in sections 363 and 364 of the Act), not exceeding £100,000 in aggregate;

(b) make political donations to political organisations other than political parties (as such terms are defined in sections 363 and 364 of the Act), not exceeding £100,000 in aggregate;

(c) to incur political expenditure (as such term is defined in section 365 of the Act), not exceeding £100,000 in aggregate,

during the period beginning with the date of the passing of this resolution and ending at the conclusion of the Company's next annual general meeting after the date of the passing of this resolution or, if earlier, 1 May 2010, provided that the maximum amounts referred to in (a), (b) and (c) may comprise sums in different currencies which shall be converted at such rate as the Board may in its absolute discretion determine to be appropriate.

Ordinary Resolution

11. That the authorised share capital of the Company be increased from £3,000,000 divided into 300,000,000 ordinary shares of 1 pence each to £3,150,000 by the creation of 15,000,000 ordinary shares of 1 pence each.

Ordinary Resolution

12. That in substitution for all existing authorities the directors of the Company be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "**Act**") to exercise all the powers of the Company to allot:

(a) relevant securities (within the meaning of section 80 of the Act) up to an aggregate nominal amount of £627,116; and

(b) relevant securities comprising equity securities (within the meaning of section 94 of the Act) up to an aggregate nominal amount of £1,254,232 (such amount to be reduced by the aggregate nominal amount of any relevant securities issued under paragraph (a) of this resolution 12) in connection with an offer by way of rights issue:

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the directors of the Company otherwise consider necessary,

and so that the directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply (unless previously renewed, varied or revoked by the Company in general meeting) until the conclusion of the Company's next annual general meeting after the date of the passing of this resolution or, if earlier, 1 May 2010 but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might, require relevant securities to be allotted after the authority expires and the directors of the Company may allot relevant securities under any such offer or agreement as if the authority conferred hereby had not expired.

Special Resolution

13. That, in substitution for all existing powers and subject to the passing of resolution 12, the directors of the Company be generally empowered pursuant to section 95 of the Companies Act 1985 (the "**Act**") to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the general authorities conferred by resolution 12 and/or where the allotment constitutes an allotment of equity securities by virtue of section 94(3A) of the Act, in each case free of the restriction in section 89(1) of the Act, such power to be limited:

(a) to the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority granted under paragraph (b) of resolution 12, by way of a rights issue only):

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing shareholdings; and

(ii) to holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the directors of the Company otherwise consider necessary,

and so that the directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(b) to the allotment of equity securities pursuant to the authority granted by paragraph (a) of resolution 12 and/or an allotment which constitutes an allotment of equity securities by virtue of section 94(3A) of the Act (in each case otherwise than in the circumstances set out in paragraph (a) of this resolution 13) up to a nominal amount of £94,067,

such power to apply (unless previously renewed, varied or revoked by the Company in general meeting) until the conclusion of the Company's next annual general meeting after the date of the passing of this resolution or, if earlier, 1 May 2010 but, in each case, so that the Company may make offers and enter into agreements before the power expires which would, or might, require equity securities to be allotted after the power expires and the directors of the Company may allot equity securities under any such offer or agreement as if the power had not expired.

Special Resolution

14. That the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of section 163(3) of the Companies Act 1985) of ordinary shares of £0.01 in the capital of the Company ("**ordinary shares**") provided that:

(a) the maximum aggregate number of ordinary shares authorised to be purchased is 18,813,508;

(b) the minimum price which may be paid for an ordinary share is £0.01;

(c) the maximum price which may be paid for an ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased;

(d) this authority expires at the conclusion of the Company's next annual general meeting after the date of the passing of this resolution or, if earlier, 1 May 2010; and

(e) the Company may make a contract to purchase ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of ordinary shares in pursuance of any such contract.

Special Resolution

15. That a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice, provided that this authority expires at the conclusion of the Company's next annual general meeting after the date of the passing of this resolution.

BY ORDER OF THE BOARD

S AHMED

COMPANY SECRETARY

Dated: 20 February 2009

Registered office:
Brittanic House
Stirling Way
Borehamwood
Hertfordshire
WD6 2BT

Notes to Notice

1. A member of the Company is entitled to appoint a proxy to exercise all or any of his rights to attend, speak and vote at a general meeting of the Company. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. A proxy need not be a member of the Company.

2. A person who is not a member of the Company, but has been nominated by a member of the Company (the "**relevant member**") to enjoy information rights, (the "**nominated person**") does not have a right to appoint any proxies under note 1 above. A nominated person may have a right under an agreement with the relevant member to be appointed or to have somebody else appointed as a proxy for the meeting. If a nominated person does not have such a right, or has such a right and does not wish to exercise it, he may have a right under an agreement with the relevant member to give instructions as to the exercise of voting rights.

3. To be effective, the instrument appointing a proxy and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the registrars' office by no later than 12:00 noon on 24 March 2009. You may submit your vote electronically at www.capitashareportal.com not later than 48 hours before the time fixed for the General Meeting or adjourned meeting at which the proxy proposes to vote. A form of proxy is enclosed with this notice. Completion and return of the form of proxy will not prevent shareholders from attending and voting in person at the meeting.

4. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the relevant register of members of the Company as at 5:00 p.m. on 24 March 2009 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after 5:00 p.m. on 24 March 2009 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

5. The register referred to in note 4 means the issuer register of members and the Operator register of members maintained in accordance with Regulation 20 of the Uncertificated Securities Regulations 2001.

6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland

Limited ("**Euroclear UK & Ireland**") and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

8. CREST members and, where applicable, their CREST sponsors and voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

9. Arrangements will be made at the meeting so that:

(a) if a corporate shareholder has appointed the Chairman of the annual general meeting as the designated corporate representative of that shareholder, the Chairman will act in accordance with that corporate shareholder's instructions to vote on a poll pursuant to the directions of all of the other corporate representatives for that shareholder at the annual general meeting, and those corporate representatives will give voting directions to the Chairman who, in accordance with those directions, will vote (or withhold a vote) as corporate representative; and

(b) if more than one corporate representative of any single corporate shareholder attends the annual general meeting but that corporate shareholder has not appointed the Chairman of the annual general meeting as its designated corporate representative, a designated corporate representative will be nominated from those corporate representatives of that corporate shareholder who attend, who will vote (or withhold a vote) on a poll in accordance with the voting directions given to such designated corporate representative by the other corporate representatives of that corporate shareholder.

Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators (www.icsa.org.uk) on proxies and corporate representatives for further details of this procedure. The guidance includes a sample form of representation letter if a corporate shareholder wishes to appoint the Chairman as a designated corporate representative, as described in (a) above.

10. A copy of the draft rules of the Safestore 2009 Performance Share Plan and copies of the executive directors' service contracts, non-executive directors' appointment letters and qualifying third-party indemnity provisions will be available for inspection at the Company's registered office at Brittanic House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT during usual business hours and at the place of the Annual General Meeting from 11:45 a.m. until the close of the meeting. A copy of the draft rules of the Safestore 2009 Performance Share Plan will also be available for inspection at Hewitt New Bridge Street at 6 More London Place, London SE1 2DA during this period.

11. Any electronic communication sent by a shareholder to the Company or the registrar which is found to contain a computer virus will not be accepted.

12. At 19 February 2009 (being the last practicable business day prior to the publication of this notice) the issued share capital of the Company consists of 188,135,088 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 19 February 2009 are 188,135,088.

Explanatory Notes to Resolutions

1. The directors are required to present to the meeting the Company's audited annual accounts and related directors' and auditors' reports and directors' remuneration report for the financial year ended 31 October 2008.

2. Auditors have to be appointed at each general meeting at which accounts are presented to shareholders. PricewaterhouseCoopers LLP has advised of its willingness to stand for reappointment as the auditor of the Company.

3. The remuneration of auditors must be fixed by the Company in general meeting or in such manner as the Company may determine in a general meeting. The usual practice is for the Annual General Meeting to resolve that the directors decide on such remuneration.

4. If resolution 4 is approved by shareholders the final dividend for the year ended 31 October 2008 will be paid on 6 April 2009 to shareholders whose names are on the Register of Members at the close of business on 27 February 2009.

5. Under the Company's Articles of Association any director appointed by the Board since the date of the last annual general meeting shall be appointed to the Board by shareholders at the following annual general meeting. Accordingly, Adrian Martin, whose biographical details are set out in the Directors' biographies, is proposed for appointment through resolution 5.

6. Under the Company's articles of association, one-third of the directors are obliged to retire by rotation at each annual general meeting. Vincent Gwilliam and Richard Hodsden, whose biographical details are set out in the Directors' biographies, will retire by rotation this year in accordance with the Articles of Association and are proposed for re-election through the separate resolutions numbered 6 and 7 above.

7. In accordance with section 241A of the Companies Act 1985, notice is given of the intention to move an ordinary resolution for the approval of the Directors' Remuneration Report. The Directors' Remuneration Report for 2008 is set out on pages 24 to 30 of the Report and Accounts.

8. Resolution 9 proposes the approval of the new Safestore 2009 Performance Share Plan (the "**PSP**").

   During the 2007/8 financial year, the Remuneration Committee undertook a review of the remuneration arrangements for Executive Directors and other senior executives. During that review, a number of shortcomings were identified with the existing bonus-linked matching arrangement under the Safestore Bonus Share Plan (the "**SBSP**"), further details of which are set out on pages 25 and 26 of the Directors' Remuneration Report.

   In light of these shortcomings, it is proposed that no further awards be granted under the SBSP. Instead, it is proposed that a new annual cash bonus arrangement be established for 2008/9 and subsequent years and that the PSP be adopted as the Company's primary long-term incentive arrangement.

   The PSP will provide for the grant of share awards which will normally vest after three years, contingent on continued employment and, usually, the satisfaction of performance conditions. It is proposed that initial awards granted to Executive Directors under the PSP be subject to two performance conditions as follows:

   (a) two-thirds of each initial award will be subject to a performance condition based on growth in profit before tax earnings per share ("**PBT-EPS**") over a three-year performance period. 25% of this part of the award will vest for PBT-EPS growth of RPI+3% p.a. with full vesting of this part of the award for PBT-EPS growth of RPI+8% p.a. A sliding scale will operate between these points. PBT-EPS will be calculated in accordance with UK GAAP rather than IFRS to avoid property valuations distorting performance; and

   (b) the remaining one-third of each initial award will be subject to a performance condition measuring the Company's total shareholder return ("**TSR**") performance against the TSR performance of the companies in the FTSE SmallCap Index (excluding investment trusts) over a three-year performance period. 25% of this part of the award will vest if the Company's TSR is at a median of the ranking of the TSRs of the comparator group, with full vesting of this part of the award for upper quartile performance. A sliding scale will operate between these points.

However, this part of the award will not vest unless the Remuneration Committee is also satisfied that the TSR performance of the Company is reflective of the Company's underlying financial performance.

The Remuneration Committee believes that the proposed amendments to the Company's remuneration arrangements will improve the link between reward and performance, within a more market consistent structure which better meets the requirements of best practice. In particular, the Remuneration Committee believes that the PSP will strongly align the interests of executives with those of shareholders by rewarding relative stock market performance whilst also incentivising and rewarding strong financial performance.

A summary of the principal terms of the PSP is set out in the Appendix to this Notice.

A copy of the draft rules of the PSP will be available for inspection as set out in note 10 to the notice.

9. Resolution 10 seeks to renew the authority granted at last year's Annual General Meeting for the Company to make political donations to political parties, to other political organisations and to independent election candidates or to incur political expenditure.

   It is not the policy of the Company to make political donations of this type and the directors have no intention of changing that policy. However, as a result of the wide definitions in the Companies Act 2006 of matters constituting political donations, normal expenditure (such as expenditure on organisations concerned with matters of public policy, law reform and representation of the business community) and business activities (such as communicating with the Government and political parties at local, national and European level) might be construed as political expenditure or as a donation to a political party or other political organisation and fall within the restrictions of the Companies Act 2006.

   This resolution does not purport to authorise any particular donation or expenditure but is expressed in general terms as required by the Companies Act 2006 and is intended to authorise normal donations and expenditure. If passed, resolution 10 would allow the Company and its subsidiaries to make donations to political parties, other political organisations and independent election candidates and to incur political expenditure (as defined in the Companies Act 2006) up to an aggregate limit of £100,000 during the period up to the earlier of the conclusion of the next annual general meeting of the Company and 1 May 2010 whilst avoiding inadvertent infringement of the statute. Any political donation made or political expenditure incurred which is in excess of £200 will be disclosed in the Company's Annual Report for next year, as required by the Companies Act 2006. The authority will not be used to make political donations within the normal meaning of that expression.

10. Resolution 11, which will be proposed as an ordinary resolution, seeks to increase the authorised share capital of the Company from £3,000,000 to £3,150,000 by the creation of 15,000,000 ordinary shares of 1 pence each, which represents a 5 per cent increase in the authorised share capital of the Company. The directors have no present intention of issuing new shares but this resolution is being proposed so that the authorities sought in resolutions 12 and 13 could be exercised if appropriate in the future (please see explanatory note 11 below for further details).

11. The authority conferred on the directors at the last annual general meeting to allot the authorised but unissued share capital of the Company expires at the conclusion of the forthcoming annual general meeting. The Board recommends that this authority be renewed and paragraph (a) of resolution 12 will, if passed, authorise the directors to allot the Company's unissued shares up to a maximum nominal amount of £627,116, which represents an amount which is equal to one-third of the aggregate nominal value of the issued and unconditionally allotted ordinary share capital of the Company (excluding treasury shares) as at 19 February 2009. As at 19 February 2009, the Company did not hold any treasury shares.

    In December 2008 the Association of British Insurers issued new guidance on the approval of authorities to allot shares, in which it stated that, in addition to requests for authorisation to allot new shares in an amount up to one-third of the existing issued share capital of a company, it would regard as routine requests to authorise the allotment of a further one-third in connection with a rights issue. In light of this, paragraph (b) of resolution 12 proposes that a further authority be conferred on the directors to allot unissued shares in connection with a rights issue in favour of holders of equity securities (which would include ordinary shareholders) as required by the rights of those securities or as the directors may otherwise consider necessary, up to a maximum aggregate nominal amount of £1,254,232 (such amount to be reduced by the nominal amount of any relevant securities issued under the authority conferred by paragraph (a) resolution 12), which represents an amount which is equal to two-thirds of the aggregate nominal value of the issued and unconditionally allotted ordinary share capital of the Company as at 19 February 2009.

In the event that this further authority is exercised, the directors intend to follow emerging best practice as regards its use (including as to the requirement for directors to stand for re-election) as issued by the Association of British Insurers.

The authorities sought in paragraphs (a) and (b) of resolution 12 will each expire at the earlier of the conclusion of the next annual general meeting of the Company and 1 May 2010. The directors have no present intention of exercising these authorities.

12. Resolution 13, which will be proposed as a special resolution, seeks to renew the authority conferred on the directors at the last annual general meeting to issue equity securities of the Company for cash without application of the pre-emption rights as provided by section 89 of the Companies Act 1985. The authorities being sought provide for non-pre-emptive allotments of equity securities (i) to ordinary shareholders in proportion to their existing shareholdings, (ii) to holders of other equity securities as required by, or subject to (as the directors consider necessary), the rights of those securities, and to deal with treasury shares, fractional entitlements and legal and practical problems in any territory, for example on a rights issue or other similar share issue and (iii) for cash up to an aggregate nominal value of £94,067 which represents 5% of the issued ordinary share capital of the Company as at 19 February 2009. This authority will expire at the earlier of the conclusion of the next annual general meeting of the Company and 1 May 2010.

The authority sought and the limits set by this resolution will also disapply the application of section 89 of the Companies Act 1985 from a sale of treasury shares to the extent also specified in this resolution.

The directors intend to adhere to the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling 3-year period, which provide that non pre-emptive issues for cash in excess of 7.5% should not take place without prior consultation with shareholders.

13. Resolution 14, which will be proposed as a special resolution, proposes that the Company be granted the authority to buy back its own ordinary shares in the market as permitted by the Companies Act 1985 and the Company's articles of association. The authority limits the number of shares that could be purchased to a maximum of 18,813,508 (representing 10% of the issued share capital of the Company as at 19 February 2009) and sets minimum and maximum prices. This authority will expire at the earlier of the conclusion of the next annual general meeting of the Company and 1 May 2010.

The directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account other investment opportunities. The authority will be exercised only if the directors believe that to do so would result in an increase in earnings per share and would be in the best interests of shareholders generally. The authority will not be exercised unless, if required, a whitewash procedure is undertaken with respect to Bridgepoint Capital Limited's shareholding in the Company under Rule 9 of the Takeover Code.

Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange.

Any ordinary shares purchased pursuant to this authority may either be held as treasury shares or cancelled by the Company, depending on which course of action is considered by the directors to be in the best interests of the shareholders at the time.

As at 19 February 2009, there were options over 655,970 ordinary shares in the capital of the Company outstanding, representing 0.35% of the Company's issued ordinary share capital (excluding treasury shares) at that date. If the remainder of the authority to purchase the Company's shares granted at the last annual general meeting and the authority proposed to be granted under resolution 14 were both exercised in full, the options outstanding at 19 February 2009 would, assuming no further ordinary shares are issued after that date, represent 0.44% of the Company's issued ordinary share capital (excluding treasury shares) at that date. This percentage would reduce to 0.35% if no further purchases are made under the authority granted at the last annual general meeting but the authority proposed to be granted under resolution 14 was exercised in full.

14. Resolution 15 is required to reflect the proposed implementation in August 2009 of the Shareholder Rights Directive. The regulations implementing this Directive will increase the notice period for general meetings of the Company to 21 days. The Company is currently able to call general meetings other than an annual general meeting on 14 clear days' notice and would like to preserve this ability. In order to be able to do so after August 2009, shareholders must have approved the calling of meetings on 14 days' notice. Resolution 15 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

    From 3 August 2009, the Company will need to ensure that it offers the facility for shareholders to vote by electronic means accessible to all shareholders if it is to call meetings on 14 days' notice. The Company already provides the ability to appoint proxies electronically through CREST. However, if something further is needed to fulfil this requirement, we will let shareholders know.

Directors' Recommendation

15. The board of directors considers that each of the resolutions being proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, the directors unanimously recommend that shareholders vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings.

SUMMARY OF THE PRINCIPAL TERMS OF THE SAFESTORE 2009 PERFORMANCE SHARE PLAN (THE "PLAN")

Operation

The remuneration committee of the board of directors of the Company (the "**Committee**") will supervise the operation of the Plan.

Eligibility

Any employee (including an Executive Director) of the Company and its subsidiaries will be eligible to participate in the Plan at the discretion of the Committee.

Grant of awards

The Committee may grant awards to acquire ordinary shares in the Company ("**Shares**") within six weeks following the Company's announcement of its results for any period. The Committee may also grant awards within six weeks of shareholder approval of the Plan or at any other time when the Committee considers there are exceptional circumstances which justify the granting of awards. It is intended that the first awards will be made shortly following the adoption of the Plan.

The Committee may grant awards as conditional shares, a nil (or nominal) cost option with a short exercise period or as forfeitable shares. The Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

An award may not be granted more than 10 years after shareholder approval of the Plan.

No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

Individual limit

An employee may not receive awards in any financial year over Shares having a market value in excess of 150 per cent. of his annual base salary in that financial year. In exceptional circumstances, such as recruitment or retention, this limit is increased to 200 per cent of an employee's annual base salary.

It is intended that initial awards granted to Executive Directors in 2009 will be over shares worth 125% of base salary.

Performance conditions

The vesting of awards granted to Executive Directors will be subject to performance conditions set by the Committee.

The initial grant of awards to Executive Directors will be subject to two performance targets, each measured over a three-year performance period as follows:

(i) two-thirds of an award (the "PBT-EPS Part") will be subject to a performance condition based on growth in profit before tax earnings per share ("PBT-EPS") over a three-year performance period. PBT-EPS will be calculated in accordance with UK GAAP rather than IFRS to avoid property valuations distorting performance.

The PBT-EPS Part will vest as follows:

Average PBT-EPS growth (compound basis)	Level of vesting of the PBT-EPS Part
Less than RPI + 3% p.a.	0%
RPI + 3% p.a.	25%
RPI + 8% p.a.	100%
Between RPI + 3% p.a. and RPI + 8% p.a.	25% to 100% straight line prorating

(ii) one-third of an award (the "TSR Part") will be subject to a performance condition measuring the Company's total shareholder return ("TSR") performance against the TSR performance of the companies in the FTSE SmallCap Index (excluding investment trusts) over a three-year performance period. The TSR Part of the award will vest as follows:

Ranking of the Company's TSR	Level of vesting of the TSR Part
Less than median	0%
Median	25%
Upper quartile	100%
Between median and upper quartile	25% to 100% straight line prorating

However, the TSR Part of the award will not vest unless the Committee is also satisfied that the TSR performance of the Company is reflective of the Company's underlying financial performance.

The Committee may set different performance conditions from those described above for future awards provided that, in the case of awards granted to Executive Directors, the new targets, in the reasonable opinion of the Committee, are not materially less challenging in the circumstances than those described above.

The Committee may also vary the performance conditions applying to existing awards without shareholder approval if an event has occurred which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

Awards without performance conditions may be granted to executives below main Board level.

Vesting of awards

Awards normally vest three years after grant to the extent that any applicable performance conditions (see above) have been satisfied and provided the participant is still employed in the Company's group.

If at any time following the vesting of an award it becomes apparent to the Committee that the calculation of the level of vesting was manifestly inaccurate (because, for example, the assessment of the performance conditions was based on incorrect data), the Committee may seek a repayment from the relevant participant, equivalent to the overpayment.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to hold employment or be a director within the Company's group. However, if a participant ceases to be an employee or a director because of his death, injury, disability, retirement, his employing company or the business for which he works being sold out of the Company's group or in other circumstances at the discretion of the Committee, then his award will normally vest on the date when it would have vested if he had not ceased such employment or office subject to: (i) the performance conditions (if any) measured at that time; and (ii) the pro-rating of the awards by reference to the time of cessation (although the Committee can decide not to pro-rate an award for time if it regards it as inappropriate to do so in the particular circumstances).

Alternatively, if a participant ceases to be an employee or director in the Company's group for one of the "good leaver" reasons specified above, the Committee can decide that his award will vest when he leaves. The extent to which an award will vest in these situations will depend upon two factors: (i) the extent to which any performance conditions have, in the opinion of the Committee, been satisfied by reference to the date of cessation (and for these purposes, the Committee may take into account the extent to which, in its opinion, the performance conditions would have been met had the performance period run its full course); and (ii) the pro-rating of the award to reflect the reduced period of time between its grant and vesting (although, again, the Committee can decide not to pro-rate an award for time if it regards it as inappropriate to do so in the particular circumstances).

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all awards will vest early subject to: (i) the extent to which the performance conditions (if any) have been satisfied at that time (and for these purposes, the Committee may take into account the extent to which, in its opinion, the performance conditions would have been met had the performance period run its full course); and (ii) the pro-rating of the awards to reflect the reduced period of time between their grant and vesting, although the Committee can decide not to pro-rate an award for time if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation pursuant to which a new holding company is inserted above the Company, awards will be replaced by equivalent new awards over shares in that new holding company unless the Committee decides that awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

Participants' rights

Awards of conditional shares and options will not confer any shareholder rights until the awards have vested or the options have been exercised and the participants have received their Shares. Holders of awards of forfeitable Shares will have shareholder rights from when the awards are made except they may be required to waive their rights to receive dividends.

The Committee may decide that participants will receive a payment (in cash and/or Shares) on or shortly following the vesting of their awards, of an amount equivalent to the dividends that would have been paid on those Shares between the time when the awards were granted and the time when they vest.

Rights attaching to Shares

Any Shares allotted when an award vests or is exercised will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Shares, the Committee may make such adjustment as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any).

Overall Plan limits

The Plan may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 10 per cent of the issued ordinary share capital of the Company under the Plan and any other employee share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purposes of this limit unless institutional investor guidelines no longer require them to be counted.

Shares issued or to be issued under awards or options granted before the Company was listed on the London Stock Exchange will not count towards these limits.

Alterations to the Plan

The Committee may, at any time, amend the Plan in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be acquired and the adjustment of awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

Overseas Plans

The shareholder resolution to approve the Plan will allow the Board to establish further plans for overseas territories, any such plan to be similar to the Plan, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the Plan.

Safestore Holdings plc

PROXY FORM

safestore self storage

I/We, ________________, of ________________, being (a) member(s) of the above-named Company hereby appoint the Chairman of the Meeting or ______________ as my/our proxy to vote in my/our name(s) and on my/our behalf at the Annual General Meeting of the Company to be held on 26 March 2009, and at any adjournment thereof.

This form is to be used in respect of the resolutions mentioned below as follows:

Ordinary Resolutions	**for**	**against**	**vote withheld**
1. To receive the Company's Annual Accounts and Reports for the year ended 31 October 2008	☐	☐	☐
2. To re-appoint the Company's Auditors	☐	☐	☐
3. To authorise the Directors to determine the Auditors' remuneration	☐	☐	☐
4. To declare a final dividend for the year ended 31 October 2008	☐	☐	☐
5. To appoint Adrian Martin as a Director of the Company	☐	☐	☐
6. To re-appoint Vincent Gwilliam as a Director of the Company	☐	☐	☐
7. To re-appoint Richard Hodsden as a Director of the Company	☐	☐	☐
8. To approve the Directors' Remuneration Report for the year ended 31 October 2008	☐	☐	☐
9. To approve the Safestore 2009 Performance Share Plan	☐	☐	☐
10. To authorise the Company to make political donations and incur political expenditure	☐	☐	☐
11. To increase the authorised share capital of the Company	☐	☐	☐
12. To authorise the Directors to allot relevant securities	☐	☐	☐
Special Resolutions			
13. To authorise the disapplication of pre-emption rights	☐	☐	☐
14. To authorise the Company to make market purchases of its ordinary shares	☐	☐	☐
15. To authorise general meetings other than annual general meetings to be called on not less than 14 clear days' notice	☐	☐	☐

Dated ______________________ Signed ______________________

Notes

1. A member of the Company is entitled to appoint a proxy to exercise all or any of his or her rights to attend, speak and vote at a general meeting of the Company. A member of the Company may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. To appoint more than one proxy, you should contact Capita Registrars at the address stated in the information included with this proxy form.
2. A member is entitled to appoint a proxy of his own choice. The Chairman of the meeting will act as proxy unless another proxy is chosen. If any other proxy is preferred please delete the words "the Chairman of the Meeting or" and insert the name of the proxy you wish to appoint and initial the alteration. A proxy need not be a member of the Company but must attend the meeting in person.
3. In the case of an individual, this form of proxy should be signed by the appointer. In the case of a corporation, this form of proxy must be executed under its common seal or under the hand of an officer, attorney or other person duly authorised.
4. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy in respect of the holding will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names appear in the Register of Members in respect of the joint holding.
5. Please insert a cross ("X") in the appropriate box to indicate how you wish your vote to be cast in respect of each resolution. To abstain from voting on a resolution, select the relevant "vote withheld" box. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for and against a resolution. In the absence of an indication as to how to vote, your proxy will exercise his or her discretion as to whether, and if so how, he or she votes.
6. The proxy will act in his/her discretion in relation to any business other than the above at the meeting (including any resolution to amend a resolution or to adjourn the meeting).
7. To be effective, the proxy form and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited with Capita Registrars at Capita Registrars (Proxies), PO Box 25, Beckenham, Kent BR3 4BR not less than 48 hours before the time for holding the meeting. Completion and return of the proxy form will not prevent shareholders from attending and voting in person at the meeting.
8. Any alteration or deletion must be signed or initialled.
9. Any electronic communication sent by a shareholder to the Company or Capita Registrars which is found to contain a computer virus will not be accepted.

Third Fold (Tuck in)

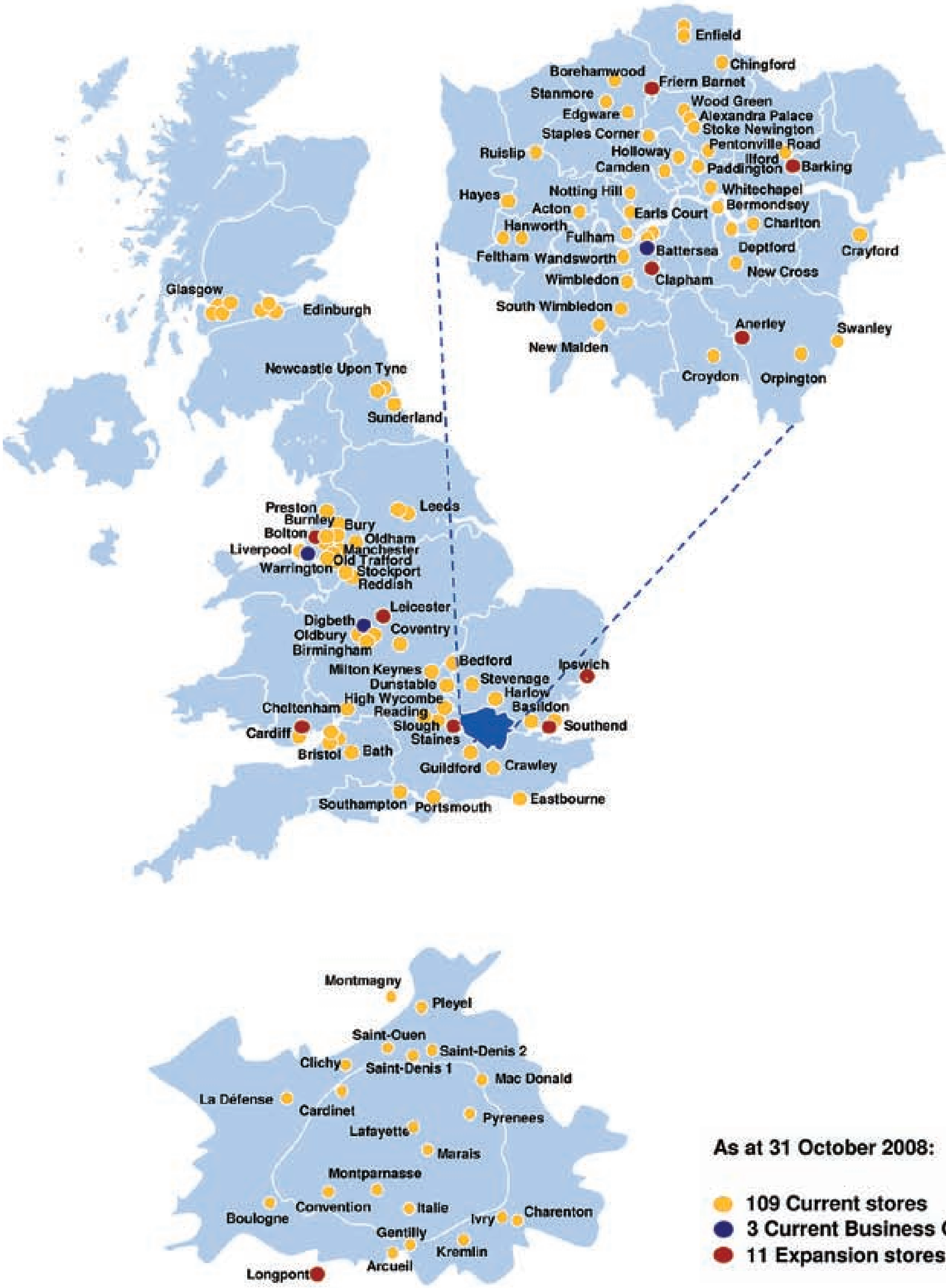
BUSINESS REPLY SERVICE
Licence No. MB 122

1

Capita Registrars (Proxies)
P.O. Box 25
Beckenham
Kent
BR3 4BR

First FOLD

Second FOLD



As at 31 October 2008:

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

Safestore Holdings Plc
Brittanic House, Stirling Way,
Borehamwood, Herts, WD6 2BT
Tel: 020 8732 1500
Fax: 020 8732 1510
www.safestore.co.uk