17 June 2021

Safestore Holdings plc
(“Safestore”, “the Company” or “the Group”)

Interim results for the 6 months ended 30 April 2021

Strong first half performance with further growth in property pipeline

Key Measures	6 months ended 30 April 2021	6 months ended 30 April 2020	Change[1]	Change-CER[2]
Underlying and Operating Metrics- total				
Revenue	£88.1m	£79.3m	11.1%	10.5%
Underlying EBITDA[3]	£54.4m	£45.9m	18.5%	17.8%
Closing Occupancy (let sq ft- million)[4]	5.635	4.824	16.8%	n/a
Closing Occupancy (% of MLA)[5]	80.7%	71.1%	+9.6ppts	n/a
Average Storage Rate[6]	£26.51	£26.52	(0.0%)	(0.7%)
Adjusted Diluted EPRA Earnings per Share[7]	18.1p	14.5p	24.8%	n/a
Free Cash flow[8]	£40.3m	£32.4m	24.4%	n/a
EPRA Basic NAV per Share[13]	£5.96	£4.87	22.4%	n/a
Underlying and Operating Metrics- like-for-like[9]				
Storage Revenue	£69.9m	£63.6m	9.9%	9.1%
Ancillary Revenue	£14.4m	£13.8m	4.3%	4.3%
Revenue	£84.3m	£77.4m	8.9%	8.3%
Underlying EBITDA[3]	£51.9m	£44.5m	16.6%	15.9%
Closing Occupancy (let sq ft- million)[4]	5.394	4.664	15.7%	n/a
Closing Occupancy (% of MLA)[5]	82.3%	71.5%	+10.8ppts	n/a
Average Occupancy (let sq ft- million)[4]	5.307	4.795	10.7%	n/a
Average Storage Rate[6]	£26.55	£26.68	(0.5%)	(1.0%)
Statutory Metrics				
Operating Profit[10]	£173.2m	£105.8m	63.7%	n/a
Profit before Income Tax[10]	£167.3m	£99.7m	67.8%	n/a
Diluted Earnings per Share	74.4p	42.4p	75.5%	n/a
Dividend per Share	7.50p	5.90p	27.1%	n/a
Cash Inflow from Operating Activities	£43.9m	£35.7m	23.0%	n/a

Highlights

Strong Financial Performance

- Group revenue up 11.1% and in CER[2] up 10.5%
- Group like-for-like[4] storage revenue in CER[2] up 9.1% and like-for-like total revenue up 8.3%
- Strong operational gearing driving growth in Adjusted Diluted EPRA EPS[7], up 24.8% at 18.1p (2020: 14.5p)
- 27.1% increase in the interim dividend to 7.5p (2020: 5.9p) reflecting improved profitability
- Profit before income tax up to £167.3m from £99.7m in 2020 driven by strong trading performance and increased gain on investment properties of £127.7m (2020: gain of £64.0m)
- Strong conversion of profitability to cash with Cash Inflow from Operating Activities up 23.0% to £43.9m
- Adjusted Diluted EPRA Earnings per Share[7] expected to be at least 38p for the full year

Operational and Strategic Progress

- COVID-19; stores operating normally with full observation of social distancing rules and protective personal equipment provided to all colleagues
- Strong like-for-like operational performance
    - Like-for-like[9] average occupancy for the period up 10.7%
    - Like-for-like[4] occupancy up 10.8ppts at 82.3% (2020: 71.5%)
        - UK up 11.8ppts at 82.4% (2020: 70.6%)

        - Paris up 6.6ppts at 81.7% (2020: 75.1%)
    - Like-for-like[9] average storage rate for the period down 1.0% in CER[2]
- Opened 58,500 sq ft freehold store at Birmingham Middleway and 50,000 sq ft leasehold store in Paris Magenta in the period
- Three new development sites and two store extensions in London as well as five new development sites in Spain in Madrid and Barcelona and new project in Paris which will together add c. 425,000 sq ft of MLA
- Total Group development and extension pipeline now fourteen stores and c. 575,000 sq ft of MLA
- Joint venture[14] with Carlyle acquired three-store portfolio of Opslag XL in the Netherlands in December 2020 and a development site in Nijmegen in the Netherlands in June 2021
- Industry leading digital marketing platform continues to support customer acquisition growth, with online enquiries rising to 89% of the total in the UK (2020: 87%) and 83% in France (2020: 77%)

Strong and Flexible Balance Sheet

- Group loan-to-value ratio ("LTV"[11]) at 27% (H1 2020: 30%) and interest cover ratio ("ICR"[12]) at 10.0x (H1 2020: 8.6x)
- Unutilised bank facilities of £128m at April 2020 and no maturities before June 2023
- In May 2021 a further £150m of new competitively priced US Private Placement financing was secured and will be drawn in June and August 2021 with an additional available uncommitted Shelf debt facility of c. £80m equivalent available

Frederic Vecchioli, Safestore's Chief Executive Officer, commented:
"I am pleased to report a very strong performance in the first six months of the year with trading momentum accelerating in the second quarter driven by the strength of our UK performance combined with continued robust results from our French and Spanish businesses. The Group closing occupancy at 30 April 2021 was 5.635m sq ft (up 16.8% on 2020) or 80.7% (up 9.6ppts on 2020), while rate was broadly flat. Our joint venture with Carlyle, operating in Belgium and the Netherlands, continues to perform in line with its business plan."

"Our Birmingham Middleway and Paris Magenta stores opened successfully in the Spring and we recently added an additional freehold development site at Bow in East London where we plan to build a 74,000 sq ft store, and another Spanish site in South Barcelona where we will develop a 30,000 sq ft facility. In addition, we are participating in a mixed-use development project in Paris which will provide us with a new 44,000 sq ft facility in La Défense. Our self-financed pipeline of new stores and extensions in the UK, Paris and Spain will add c. 575,000 sq ft of MLA[5]."

"Our financing capacity has been extended through the issuance of a further £150m equivalent of new 7, 10 and 12 year US Private Placement Notes which, in addition to a c. £80m shelf debt facility, provides us with further flexibility to target selected development and acquisition opportunities as they arise. "

"Our performance in this period has demonstrated the excellent operating leverage in our platform as we drive net lets and revenue. We continue to focus on the significant upside from filling the 1.3m square feet of fully invested currently unlet space in our UK, Paris and Spain markets. Including our pipeline stores we have 1.9m sq ft to fill or the equivalent of 45 stores. On average over the last six years, the business has grown like-for-like revenue by 7.2% per annum and its total revenue by 9.8% per annum over the same timeframe. Our track record in customer acquisition, occupancy and revenue management, combined with our existing available lettable space, our new store pipeline and self-funding capacity, should allow the business, in the absence of macro-economic disruption, to deliver consistent growth for the foreseeable future."

"The strong history of revenue growth and cost control combined with the operational gearing of the business model and our self-funded rigorous investment policy has allowed the group to deliver over the last 6 years an average Adjusted Diluted EPRA Earnings per Share growth of +16.1% per year."

"The accelerating momentum in our second quarter performance gives me confidence in relation to the outlook for the full year and I anticipate that the business should deliver Adjusted Diluted EPRA Earnings per Share[7] for 2020/21 at least at the top end of our previous guidance of 37p to 38p, which would represent growth of at least 26% compared to the prior year."

"Finally, I would like to thank all of our colleagues in the UK, Paris, Barcelona and the Netherlands, for their commitment and resilience, and for how they have responded to the unprecedented challenges caused by the COVID-19 crisis over the last fifteen months."

Notes
We prepare our financial statements using IFRS. However, we also use a number of adjusted measures in assessing and managing the performance of the business. These include like-for-like figures, to aid in the comparability of the underlying business as they exclude the impact on results of purchased, sold, opened or closed stores; and constant exchange rate (CER) figures are provided in order to present results on a more comparable basis, removing fx movements. These metrics have been disclosed because management review and monitor performance of the business on this basis. We have also included a number of measures defined by EPRA, which are designed to enhance transparency and comparability across the European Real Estate sector, see notes 7 and 13 below and "Non-GAAP financial information" in the notes to the financial statements.

1 – Where reported amounts are presented either to the nearest £0.1m or to the nearest 10,000 sq ft, the effect of rounding may impact the reported percentage change.
2 – CER is Constant Exchange Rates (Euro denominated results for the current period have been retranslated at the exchange rate effective for the comparative period. Euro denominated results for the comparative period are translated at the exchange rates effective in that period. This is performed in order to present the reported results for the current period on a more comparable basis).
3 – Underlying EBITDA is defined as Operating Profit before exceptional items, share-based payments, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties, contingent rent and depreciation. Underlying EBITDA therefore excludes all leasehold rent charges. Underlying profit before tax is defined as underlying EBITDA less leasehold rent, depreciation charged on property, plant and equipment and net finance charges relating to bank loans and cash.

4 – Occupancy excludes offices but includes bulk tenancy. As at 30 April 2021, closing occupancy includes 14,000 sq ft of bulk tenancy (30 April 2020: 14,000 sq ft).

5 – MLA is Maximum Lettable Area. At 30 April 2021, Group MLA was 6.98m sq ft (30 April 2020: 6.78m sq ft).

6 – Average Storage Rate is calculated as the revenue generated from self-storage revenues divided by the average square footage occupied during the period in question.

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

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

9 – Like-for-like adjustments remove the impact of the 2021 openings of Birmingham Middleway and Magenta in Paris, the 2021 closure of Birmingham South, the 2020 acquisitions of Valencia, Calabria, Glories and Marina in Barcelona and Chelsea and St Johns Wood in London and the 2020 openings of Carshalton, Sheffield and Gateshead.

10 – Operating profit increased by £67.4m to £173.2m (30 April 2020: £105.8m) compared to last year, principally as a result of an increase in the gain on Investment properties of £63.7m to £127.7m (30 April 20209: £64.0m) and an increase of £8.5m in Underlying EBITDA as a result of stronger trading performance. Profit before tax additionally included an increase in the share base payments charge of £3.1m compared to H1 2020 resulting from a reduction in the probability of lapses and forfeiture by the option holders and the scheme nears vesting date.

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

12 – ICR is interest cover ratio, and is calculated as the ratio of underlying EBITDA after leasehold rent to underlying finance charges.

13 – EPRA basic NAV has been superseded and has transitioned to 3 new measures: EPRA NRV (net reinstatement value); EPRA NTA (net tangible assets) and EPRA NDV (net disposal value) for periods commencing 1 January 2020 or thereafter. Safestore considers EPRA NAV to remain the appropriate measure for the business at this point in time whilst the Group continues to interpret the impact of the new guidelines. However, of the new measures, EPRA NTA is considered to be most consistent with the nature of Group's business with initial calculations indicating material consistency with EPRA basic NAV. Safestore will transition to the new EPRA best practice measures for the 2021 annual report and future reporting periods. The basis of calculation is set out in the "Net assets per share" note to the financial statements.

14 – The joint venture with CERF, which represents a 20% investment, has been accounted for as an associate using the equity method of accounting, as described in the "Investment in associates" note to the financial statements.

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

Summary

Safestore has delivered another strong financial performance in the first half of the financial year, driven by accelerating trading momentum and a growing property pipeline. Reported Group revenue increased 10.5% at CER[2] with like-for-like[9] revenue growing by 8.3%. The Group's like-for-like average occupancy grew by 10.7% with the like-for-like average storage rate down slightly by (1.0%) at CER[2]. Reflecting the high degree of operating leverage from our fully invested estate the improved revenue performance has driven growth in like-for-like EBITDA margin[3], on a CER basis, of 3.9ppts to 61.5% (2020: 57.6%). Profit before income tax is up to £167.3m from £99.7m in 2020 driven by strong trading performance and increased gain on investment properties of £127.7m (2020: gain of £64.0m).

Our operational performance across all regions of the UK has been strong in the period resulting in a 10.4% increase in like-for-like revenue[9]. Driven by our industry leading digital marketing platform, enquiry generation and store team conversion have both performed well across all regions of the UK delivering excellent occupancy performance, resulting in like-for-like average occupancy growing by 12.2% in the period whilst the UK like-for-like average rate grew by 0.1%. Like-for-like closing occupancy at the period end was up 11.8ppts at 82.4% (2020: 70.6%). Total revenue growth of 13.9% reflected the strong like-for-like performance, the annualisation of the 2020 store openings in Carshalton, Gateshead and Sheffield and of the acquisitions of our St John's Wood and Chelsea stores and management fees from our Joint Venture with Carlyle in the Benelux.

In Paris, our trading performance has been steady with like-for-like revenue[9] growing by 1.7%. This was driven by our average like-for-like occupancy performance which increased by 4.9% compared to the prior year offset slightly by like-for-like average rate which decreased by (3.0%). This decrease was partly driven by promotional activity and a shift in the occupancy mix towards bigger units which command a lower price per sq ft. Like-for-like closing occupancy at the period end was up 6.6ppts at 81.7% (2020: 75.1%).

Our Barcelona business, which was acquired in December 2019, contributed €1.6m in revenue for the 6 months. Closing occupancy was up 0.3ppts at 89.4% (2020: 89.1%) whilst the average rate grew by 5.2% to €31.61 (2020: €30.04). In the last 3 months, the revenue was up 14.3% over the same period last year.

Group underlying EBITDA of £54.4m increased 17.8% at CER[2] on the prior year and 18.5% on a reported basis, reflecting the impact of the 2.3% weakening of the average Sterling to Euro exchange rate, compared to the prior period, on the profit earned on our Paris and Spain businesses. Rent costs increased as a result of the acquisition of leasehold stores in Barcelona and London in the period and, as a result, adjusted diluted EPRA EPS[7] grew by 24.8% in the period to 18.1p (2020: 14.5p).

Our property portfolio valuation (excluding investment properties under construction) has increased by £126.3m since October 2020 to £1,683.8m. The increase comprises £11.1m of additions and reclassifications, a negative currency impact of (£14.6m) and a £129.8m revaluation gain (equivalent to 8.3% of the valuation at October 2020) driven by reduced exit cap rates and strong operational performance of the business, leasehold renewals and store extensions. The Group's external valuers, Cushman & Wakefield Debenham Tie Leung Limited ("C&W"), valued 42% of the portfolio at April 2021 with a Directors' valuation being carried out, with the assistance of C&W, on the remaining 58%.

Reflecting the Group's good trading performance, the Board is pleased to recommend a 27.1% increase in the interim dividend to 7.5p per share (2020: 5.9p).

Outlook

Trading in the third quarter has started well. Group like-for-like sales (CER) for the month of May were up 16% on May 2020, which is slightly ahead of our expectations at the time of issuing our earnings guidance in our 10 May announcement. Since 30 April 2021, the Group has added a further c. 187,000 sq ft of occupancy through to 15 June (2020: c. 74,000 sq ft).

We will continue to monitor closely our internal forecasts over the coming months. However, our business model remains highly resilient with multiple drivers of demand and we believe the group, whilst not entirely immune from any macro-economic issues, is strongly positioned to withstand any downturn. Having previously provided revised guidance in May 2021, as it currently stands, the Board anticipates earnings for the full year being at least at the top end of its previous guidance of Adjusted Diluted EPRA Earnings per Share[7] for 2020/21 of 37p to 38p.

For further information, please contact:

Safestore Holdings PLC

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A conference call for analysts will be held at 09:30am today.

For dial-in details of the presentation please contact:

Guy Scarborough (guy.scarborough@instinctif.com or telephone on 07917 178920).

Notes to Editors

- Safestore is the UK's largest self-storage group with 161 stores at 30 April 2021, comprising 128 wholly owned stores in the UK (including 71 in London and the South East with the remainder in key metropolitan areas such as Manchester, Birmingham, Glasgow, Edinburgh, Liverpool, Sheffield, Leeds, Newcastle and Bristol) and 29 wholly owned stores in the Paris region and four stores in Barcelona. In addition, the Group operates nine stores in the Netherlands and six stores in Belgium under a joint venture agreement with Carlyle.

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

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

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

- The Group provides storage to around c. 79,500 personal and business customers.

- As at 30 April 2021, Safestore had a maximum lettable area ("MLA") of 6.983 million sq ft (excluding the expansion pipeline stores) of which 5.635 million sq ft was occupied.

- Safestore employs around 700 people in the UK, Paris and Barcelona.

COVID-19

At Safestore, the health and wellbeing of our customers and colleagues is our absolute priority. Throughout the various stages of the pandemic, we implemented strict safeguarding measures across our portfolio, in line with government guidance in each geography, to maintain social distancing and ensure we could operate safely, protect our staff, and allow necessary access for our customers.

All our stores in the UK, Paris, Barcelona and the Netherlands remained open or accessible during the first lockdowns but the reception areas were closed, the staffing and opening hours were reduced and we removed the provision of services that involve person-to-person contact. Access to our stores is largely automated and, in general, the premises have relatively low footfall. We supported our employees with alternative means of transport to work where public transport continues to be a challenge.

The process for new enquiries remained unchanged with customers able to enquire via our website or phone, and we adjusted the new let process so that contracts were concluded electronically. In addition, we intensified the daily cleaning levels of our stores, especially commonly touched areas.

Safestore paid all our employees' salaries throughout the crisis and did not access any of the UK government's support measures.

In line with UK government guidance relating to storage and points of delivery facilities, our UK stores remained open as they provide important support to small business customers and companies engaged in key supply chains including healthcare, food industry suppliers and infrastructure support such as electrical and mechanical repair providers.

As lockdowns were gradually relaxed across our geographies in early summer 2020, operational processes reverted to more normal practices. Colleagues were provided with personal protective equipment ("PPE") and adhered to the social distancing rules required in each geography.

During the second phase of restrictions and lockdowns, stores remained open in all geographies with all reception areas adapted to become COVID-secure environments with Perspex screens, personal protective equipment and hand sanitiser provided whilst ensuring social distancing measures were maintained. It is planned that this approach will continue in the current third UK lockdown.

While COVID-19 continues to create uncertainty, we are monitoring developments daily to ensure we adhere to government advice in each of our geographies and continue to ensure the safety of our staff and customers.

Our Strategy

The Group's proven strategy has evolved over the last two years with the creation of our joint venture[14] with Carlyle and our acquisition of OhMyBox ("OMB") in Barcelona, but otherwise remains largely unchanged. We believe that the Group has a well-located asset base, management expertise, infrastructure, scale and balance sheet strength and, as we look forward, we consider that the Group has the potential to further increase its earnings per share by:

- Optimising the trading performance of the existing portfolio;
- Maintaining a strong and flexible capital structure; and
- Taking advantage of selective portfolio management and expansion opportunities in our existing markets and, if appropriate, in attractive new geographies either through a joint venture[14] or in our own right.

Optimisation of Existing Portfolio

With the opening of 17 new stores since August 2016, and the acquisitions of 31 stores through the purchases of Space Maker in July 2016, Alligator in November 2017, our Heathrow store, Fort Box in London and OMB in Barcelona in 2019, we have established and strengthened our market-leading portfolio in the UK and Paris and have entered the Spanish market. We have a high quality, fully invested estate in all geographies and, of our 161 stores as at 30 April 2021, 100 are in London and the South East of England or in Paris with 57 in the other major UK cities and four in Barcelona. We now operate 48 stores within the M25, which represents a higher number of stores than any other competitor.

Our MLA[4] has increased to 6.98m sq ft at 30 April 2021 (2020: 6.78m sq ft). At the current occupancy level of 80.7% we have 1.35m sq ft of unoccupied space (1.9m including the development pipeline), of which 1.05m sq ft is in our UK stores and 0.29m sq ft in Paris. In total, this unlet space is the equivalent of circa 35 empty stores located across the estate and provides the Company with significant opportunity to grow further. We have a proven track record of filling our vacant space so we view this availability of space with considerable optimism. We will also benefit from the operational leverage from the fact that this available space is fully invested and the related operating costs are essentially fixed and already included in the Group cost base. Our continued focus will be on ensuring that we drive occupancy to utilise this capacity at carefully managed rates. Between the full financial years 2013 and 2020, occupancy on the stores in the portfolio in 2013 that remain in the Group today, has increased from 63.1% to 82.6% i.e. an average of 2.8 percentage points per year.

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

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

Digital Marketing Expertise- UK Number 1 Self-Storage Brand

Awareness of self-storage remains relatively low with 50% (FY2020: 52%) of the UK population either knowing very little or nothing about self-storage (source: 2021 SSA Annual Report). In the UK, many of our new customers are using self-storage for the first time. It is largely a brand blind purchase. Typically, customers requiring storage start their journey by conducting online research using generic keywords in their locality (e.g. “storage in Borehamwood”, “self-storage near me”) which means that geographic coverage and search engine prominence remain key competitive advantages.

We believe there is a clear benefit of scale in the generation of customer enquiries. The Group has continued to invest in technology and in-house expertise which has resulted in the development of a leading digital marketing platform that has generated 88% enquiry growth for the Group over the last five years. Our in-house expertise and significant annual budget have enabled us to deliver strong results. Safestore is the UK Number 1 self-storage brand as it moves in more customers per year than any other brand.

The Group’s online strength came to the fore during the first COVID-19 lockdown and has since continued to support customer acquisition growth. Online enquiries in H1 rose to 89% of our enquiries in the UK (H1 2020: 87%) and 83% in France (H1 2020: 77%). Approximately 64% of our online enquiries in the UK originate from a mobile device (excluding tablets), compared to c. 63% in H1 last year, highlighting the need for continual investment in our responsive web platform for a “mobile-first” world. We continue to invest in activities that promote a strong search engine presence to grow enquiry volume whilst managing efficiency in terms of overall cost per enquiry and cost per new let. UK enquiries in H1 increased by 34% whereas costs per enquiry decreased by a further 22%. Group marketing costs as a percentage of revenue were 3.9% in the six months to April (H1 2020: 4.3%).

During H1, the Group demonstrated its ability to integrate newly developed and acquired stores into its marketing platform with successful new openings at Birmingham Middleway and Paris Magenta. The joint venture managed by the Group in the Netherlands expanded its coverage beyond Amsterdam and Haarlem with the acquisition and integration of stores in The Hague and Het Gooi, north of Hilversum. The Group also completed the integration of OMB (Spain, acquired December 2019) onto the Safestore platform with uplifts seen in both enquiry generation and marketing efficiency despite the impact of the pandemic. Spanish cost per enquiry, for example was reduced by c. 60% although the number of enquiries was increased by a factor of 4.

In February 2021, Safestore UK won the Feefo Platinum Trusted Service award for the second time. The award is given to businesses who have achieved Gold standard for three consecutive years. It is an independent mark of excellence that recognises businesses for delivering exceptional experiences, as rated by real customers. In addition to using Feefo, Safestore invites customers to leave a review on a number of review platforms, including Google and Trustpilot. Our rating for each of these three providers in the UK are between 4.7 and 4.8 out of 5. This way, wherever customers look for trust and reputational signals about Safestore, they will see an impartial view of our excellent customer satisfaction. In France, Une Pièce en Plus uses Trustpilot to obtain independent customer reviews. In 2020, 93% of customers rated their service experience as “Excellent” or “Great” resulting in a TrustScore of 4.7 out of 5. In Spain, OMB collects customer feedback via Google reviews and has maintained a score of at least 4.8 out of 5.

Motivated and effective store teams benefiting from investment in training and development

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

The impact of the COVID-19 pandemic has been fast moving and uncertain but our teams created and implemented our plans quickly. The health, safety and wellbeing of our colleagues and customers is of paramount importance and all sites were operated in accordance with UK government guidelines in providing a COVID-secure workplace. We consulted our colleagues about managing risks associated with COVID-19, which included collaborating with them about key decisions we made during this time. The decision was taken not to access the UK government’s COVID-19 related support schemes including the job retention scheme. Our colleagues received their full salary entitlement, irrespective of whether they were working reduced hours or were unable to work because they were self-isolating.

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

Safestore has been an Investors in People (“IIP”) organisation since 2003 and our aim is to be an employer of choice in our sector as we passionately believe that our continued success is dependent on our highly motivated and well-trained colleagues. Following the award of a Bronze standard accreditation in 2015 and our subsequent Gold standard accreditation in 2018, Safestore was awarded the “we invest in people” Platinum accreditation in February 2021, the highest accolade in the Investors in People scale. This firmly places Safestore in the top 2% of accredited organisations in the UK, with the accreditation panel commenting: *“Safestore are a fantastic example of sustained great practice”.* IIP is the international standard for people management, defining what it takes to lead, support and manage people effectively to achieve sustainable results. Underpinning the standard is the Investors in People framework, reflecting the latest workplace trends, essential skills and effective structures required to outperform in any industry. Investors in People enables organisations to benchmark against the best in the business on an international scale. We are proud to have our colleagues recognised to such a high standard not only in our industry but also across 14,000 organisations in 75 countries. This sustained people development focus is an essential component of our continuous improvement mentality.

We are committed to growing and rewarding our people and tailor our development, reward and recognition programmes to this end. Our IIP recognised coaching programme, launched in 2018, and upgraded every year since, continues to be a driving force behind the continuous performance improvement demonstrated by our store colleagues.

The last 18 months provided a challenging environment requiring us to operate in some new and innovative ways. Our online learning portal, combined with the energy and flexibility of our store colleagues, allowed us to not only continue to deliver our award-winning development programs but also to capitalise on the strength of our IT platforms. In the first half of 2021 we rolled out our annual sales refresher program to every store colleague on-line, utilising some innovative technologies along with more common communication tools such as Microsoft Teams to once again raise our performance bar. We recognised the changing needs of our customers through these challenging times and provided solutions, systems and support to our store colleagues allowing them to continue to fulfil the needs of our customers.

The day-to-day training and development of our store and customer-facing colleagues is an essential part of our daily routines. Due to the restrictions created by the COVID-19 pandemic, our learning and development programme has been continually delivered online via our Learning Management System and the use of the digital platforms mentioned above. This allowed us the flexibility to continue with high-quality delivery of our core sales and development modules without the need to meet face-to-face. To support a safe working environment this Learning Management System also provides the opportunity for team members to receive rigorously enforced health and safety, fire and compliance training, ensuring that our colleagues are up to date in relation to their technical knowledge and continue to operate a safe environment for both our colleagues and customers. These tools, systems and resources have allowed us to effectively communicate changes quickly and manage compliance robustly. The onset of a national lockdown in March 2020 did not stop the continued development and training of our colleagues. Our training, developmental, welfare and compliance training modules can all be remotely accessed. Along with our online-learning portal and the adaptation of our face-to-face training programmes into a video-linked Microsoft Teams format, we delivered a continuous seamless learning experience for all our colleagues.

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

Our internal Store Manager Development programme has been in place since 2016 and is a key part of succession planning of future Store Managers. The 5th intake are well under way on their program in 2021, and along with the necessary skills and attributes they need to become a Safestore Store Manager, delegates have the opportunity to gain a nationally recognised qualification from ILM (Institute of Leadership & Management) at Level 3.

Our Store Manager Development programme demonstrates the effectiveness of our learning tools. In a spirit of constant improvement, our content and delivery process is dynamically enhanced through our 360-degree feedback process utilising the learnings from not only the candidates but also from our training Store Managers and senior business leaders. This allows our people to be trained with the knowledge and skills to sell effectively in today's market place. December 2019 also saw the inaugural launch of our Senior Manager Development programme ("LEAD") which focuses on developing our high performing middle managers aimed at preparing them for more senior roles within the business. This programme is built on the foundations of our Store Manager Development programme and includes Level 5 accreditation from the Institute of Leadership & Management upon successful completion. Our LEAD group delegates are already delivering performance-enhancing projects to our wider business and are fast heading towards their graduation day.

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

February 2019 saw the launch of our "Make the Difference" forum" when 14 of our colleagues were voted to be the "People Champions" and attend our people's forum. This initiative allows our champions to be the representative voice for each of the twelve Regions and Head Office in order to influence change and drive improvement for "Our Business, Our Customers and Our Colleagues".

People Champions:

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

2021 saw our Forum representative positions up for election after they had successfully completed their 2-year tenure. After a strongly contested election, our 15 new members were elected and they are already delivering high quality contributions to our business.

Our Values and Behaviours framework concentrates our culture on our customers. Customers continue to be at the heart of everything we do, whether it be in store, online or in their communities. In 2021 we further improved our customer ratings when we were awarded the Feefo PLATINUM trusted service award along with maintaining our "Excellent" Trustpilot and strong Google ratings reflecting our ongoing commitment to their satisfaction.

Central Revenue Management and Cost Control

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

Average rates are predominantly influenced by:

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

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

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

Strong and Flexible Capital Structure

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

At 30 April 2021, based on the current level of borrowings and interest swap rates, the Group's weighted average cost of debt was 2.10% and 78% of our debt facilities are at fixed rate or hedged. The weighted average maturity of the Group's drawn debt is 4.5 years at the current period end and the Group's LTV ratio is 27% as at 30 April 2021.

This LTV and interest cover ratio of 10.0x for the rolling twelve-month period ended 30 April 2021 provides us with significant headroom compared to our banking covenants. We had £128m of undrawn bank facilities at 30 April 2021 before taking into consideration the additional funding described below.

Taking into account the improvements we have made in the performance of the business and the reduction in underlying finance charges of c. £9.3m over the last eight years, the Group is capable of generating free cash after dividends sufficient to fund the building of two to four new stores per annum depending on location and availability of land.

The Group evaluates development and acquisition opportunities in a careful and disciplined manner against rigorous investment criteria. Our investment policy requires certain Board-approved hurdle rates to be considered achievable prior to progressing an investment opportunity. In addition, the Group aims to maintain a Group LTV[11] ratio of between 30% and 40% which the Board considers to be appropriate for the Group.

New Financing

On 7 May 2021, Safestore extended its borrowing facilities with the issuance of the equivalent of £150m new sterling and euro denominated US Private Placement ("USPP") notes with the following coupons and tenors:

- £20m 7 year notes at a coupon of 1.96% (credit spread of 140 bps)
- €29m 7 year notes a coupon of 0.93% (credit spread of 105 bps)
- £80m 10 year notes a coupon of 2.39% (credit spread of 150 bps)
- €29m 12 year notes a coupon of 1.42% (credit spread of 118 bps)

The funds will be received in June 2021 and August 2021 and will be used initially to pay down Revolving Credit Facilities ("RCF") thereby providing further capacity for medium-term growth.

The USPP notes were issued to a group of existing institutional investors.

In addition, an uncommitted €115m Shelf facility, which can be drawn in Euros or Sterling, was agreed with one existing lender, giving the Group further financing flexibility. The facility would be drawn in the form of Private Placement Notes at a coupon to be agreed at the time of funding.

The existing USPP notes and banking arrangements remain unchanged and are detailed in the Financial Review.

Taking into consideration the existing property pipeline and the new financing, it is anticipated that the average cost of debt of the Group will remain broadly unchanged at c 2.2% and the weighted average tenor of our facilities increases from 4.0 years to 5.2 years.

FX Forward Contracts

During the first half of 2020, the Group took out average rate FX forward contracts to hedge the majority of the Group's exposure to the translation of Euro denominated earnings for the period until April 2023. The remaining values are €7.5m for the second half of the 2021 financial year, €16m for the 2022 financial year and €8.5m for the first half of the 2023 financial year. This has the effect of fixing the rate at which Euro earnings are translated to the rate of €1.0751 to £1, up to the value of the contract.

For the six month period to April 2021, the Group received £0.3m in relation to the €7.0m of FX forwards in place for the period.

Portfolio Management

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

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

Since 2016, the Group has opened 17 new stores: Chiswick, Wandsworth, Mitcham, Paddington Marble Arch, Carshalton (all in London), Birmingham-Central, Birmingham-Merry Hill, Birmingham- Middleway, Altrincham, Peterborough, Gateshead and Sheffield in the UK, and Emerainville, Combs-la-Ville, Poissy, Pontoise and Magenta in Paris, adding 870,000 sq ft. of MLA.

In addition, the Group has acquired 31 existing stores through the acquisitions of Space Maker, Alligator, Fort Box, OhMyBox in Barcelona and our London Heathrow store. These acquisitions added a further 1,238,000 sq ft of MLA.

We have also completed the extensions and refurbishments of our Acton, Barking, Bedford, Chingford and Longpont (Paris) stores adding a net 65,000 sq ft of fully invested space to the estate. All of these stores are performing in line with or ahead of their business plans.

Property Pipeline

Store Openings

In July 2020, the Group completed the acquisition of a freehold 2.17-acre site including an existing warehouse in Birmingham. The site is well located on the southern side of the inner A4540 ring road and the new 58,500 sq ft MLA store opened in April 2021. Our existing nearby store at Digbeth (MLA 44,500 sq ft) will close shortly with the majority of customers expected to relocate to the Middleway site. In due course, we intend to sell the Digbeth site, which has residential development potential.

In April 2018, we agreed a lease on a site at Magenta in central Paris. We are pleased to confirm that the 50,000 sq ft store opened in late April 2021.

Development Sites

UK

In May 2021 the Group completed the freehold acquisition of a 0.8 acre site with a 108,000 sq ft warehouse to the east of London in a prominent position on the A12 in Bow. The building has existing consent for storage and we only require planning consents for some external modifications to the building. Otherwise the building is suitable for immediate conversion to self-storage. It is anticipated that a 74,000 sq ft store will be opened by Q1 FY 22.

In April 2021, the Group exchanged contracts on a freehold 1.3 acre site at Lea Bridge in North East London. Subject to contract and planning, we will open a 76,500 sq ft MLA store in 2024 as the leases for existing tenants on the site have up to two years to run. Rental income of approximately £170k per annum is currently received on this site.

In April 2021, the Group exchanged contracts on a freehold site in North East London. Subject to contract and planning, we will open a 56,500 sq ft MLA store in 2025.

In June 2018 Safestore opened its Paddington Marble Arch store. A separate satellite store at Paddington Park West Place, with MLA of 13,000 sq ft will open during 2023.

The Group has also previously acquired two additional sites in London at Morden and Bermondsey. Morden is a freehold 0.9-acre site in an established industrial location. Planning permission for a 52,000 sq ft self-storage facility has now been granted and we are planning to commence construction on this site in August this year with a view to opening in H2 2022. Bermondsey is a 0.5-acre freehold site with income from existing tenants and is adjacent to our existing leasehold store. Our medium term aim, subject to planning permission, is to extend our existing Bermondsey operations with the addition of a new self-storage facility to complement our existing store.

Paris

Safestore has for many years owned a vacant freehold site in the town of Nanterre on the edge of La Défense, Paris' main business district. The site is valued at €6.85m in the Investment Property valuation on the Group's Balance Sheet. This area of Paris is undergoing significant development and Safestore has invested a 24.9% stake in a joint venture development company, PBC Les Groues SAS, which plans to complete a c 300,000 sq ft development of offices, retail, a school and residential properties subject to planning. The maximum investment for Safestore in the joint venture is €2m.

In addition, Safestore will contribute its Nanterre site into the project and will receive cash of €1.7m in addition to an underground storage area and reception within the complex, ready to be fitted out into a 44,000 sq ft self-storage facility.

It is anticipated that the project will be completed in early 2025 when the self-storage facility will open.

Spain

In December 2019 the Group completed the acquisition of OMB Self Storage which operates three leasehold properties and one freehold property, all very well located in the centre of Barcelona. The four locations (Valencia, Calabria, Glories and Marina) have an MLA totalling 108,000 sq ft. The occupancy of the business at the end of April 2021, was 89.4%.

We are pleased to announce the next phase of expansion of the business in Barcelona and its entry into Madrid with the following sites.

In April 2021, the Group exchanged contracts on a freehold building in a high population density area in northern Madrid. Subject to contract and planning, we will convert the existing building into a 48,000 sq ft MLA self-storage facility. It is anticipated that the site will open in the second half of 2022.

In March 2021, the Group exchanged contracts on a freehold building in southern Madrid. Subject to contract and planning, we will convert the existing building into a 29,000 sq ft MLA self-storage facility. It is anticipated that the site will open in the second half of 2022.

In January 2021, the Group exchanged contracts on a freehold building in a densely populated area in central Barcelona. Subject to contract and planning, we will convert the existing building into a 13,500 sq ft MLA self-storage facility. It is anticipated that the site will open in the first half of 2022.

In April 2021, the Group exchanged contracts on a freehold building in northern Barcelona. Subject to contract and planning, we will convert the existing building into a 36,300 sq ft MLA self-storage facility. It is anticipated that the site will open in the second half of 2022.

In June 2021 the Group exchanged contracts on a freehold property in South Barcelona. The site includes an existing industrial building which will be converted into a 30,000 sq ft MLA self-storage facility. We expect to open the site in the fourth quarter of 2022.

The total cost of acquisition and construction of the new Spanish sites is anticipated to be c €29m and the five stores will add 157,000 sq ft of additional MLA.

Store Extensions

In April 2021, we exchanged contracts on the acquisition of a 0.5 acre site adjacent to our existing London Wimbledon store (MLA 58,800). Subject to completion of this transaction, the existing reception area will be relocated to a more prominent and visible roadside location and a further 9,000 sq ft of storage capacity and 1,000 sq ft of offices will be added. The Wimbledon store's peak occupancy, prior to the COVID pandemic, was 92%.

In May 2021, the Group exchanged contracts on a leasehold basement car park adjacent to our existing London Paddington Marble Arch store. Subject to planning, a further 8,500 sq ft of space will be added to our site. The occupancy of the Paddington Marble Arch store at 31 March 2021 was 80%.

In September 2020 the Group received planning permission to extend its Southend store by 10,100 sq ft. The existing store has an MLA of 49,400 sq ft and was 86% occupied at the end of September 2020. It is anticipated that the extension will be open in the fourth calendar quarter of 2021 and that there will be minimal impact on day-to-day operations of the store during construction.

The Group also has planning permission to extend its Edgware store by a further 22,900 sq ft. It is anticipated that this extension will be completed in the fourth quarter of the financial year. The existing store has MLA of 24,000 sq ft and reached a peak occupancy of 91% prior to extension works commencing.

Property Pipeline Summary

Store	FH/ LH	Status	MLA SQFT	Target Opening	Other
London- Bow	FH	Completed	74,000	Q1 2022	Conversion of existing building
London- Lea Bridge	FH	Contracts exchanged/ subject to planning	76,500	Q4 2024	New build. £170k pa of rental income prior to opening.
London- North East London	FH	Contracts exchanged/ subject to planning	56,500	Q4 2025	New build.
London- Morden	FH	Completed/ Planning granted	52,000	Q4 2022	New build.
London- Bermondsey	FH	Completed/ Subject to Planning	50,000	Q2 2026	New build.
London- Paddington Park West	LH	Completed/ Planning granted	13,000	Q2 2023	Conversion of Basement Car Park- Satellite store to existing Paddington store
London- Paddington Marble Arch	LH	Contracts exchanged/ subject to planning	8,500	Q1 2022	Extension of existing site via conversion of adjacent basement car park
London- Wimbledon	FH	Contracts exchanged/ subject to planning	9,000 storage 1,000 office	Q2 2022	Extension of existing site
Southend	FH	Completed/ Planning granted	10,100	Q4 2021	Extension of existing site
London- Edgware	FH	Completed/ Planning granted	22,900	Q4 2021	Extension of existing site
Paris- La Défense	FH	Completed/ Subject to Planning	44,000	Q2 2025	Facility within mixed use development
Total UK and Paris Pipeline MLA			c 418k		
Total Further UK and Paris Capex			c £75m.		

Store	FH/ LH	Status	MLA SQFT	Target Opening	Other
Northern Madrid	FH	Subject to contract and planning	48,000	Q3 2022	Conversion of existing building
Southern Madrid	FH	Subject to contract and planning	29,000	Q3 2022	Conversion of existing building
Central Barcelona	FH	Subject to contract and planning	13,500	Q1 2022	Conversion of existing building
Northern Barcelona	FH	Subject to contract and planning	36,300	Q3 2022	Conversion of existing building
South Barcelona	FH	Subject to planning and contract	30,000	Q4 2022	Conversion of Existing building
Total Spain Pipeline MLA			c 157k		
Total Further Spain Capex			€34m		

Lease Extensions and Assignments

In the period, we agreed a new 18-year lease on our Hayes store which starts at the expiry of the current lease in June 2027. The new lease is protected under the Landlord and Tenant Act. A six-month rent-free period was granted immediately under the current lease with a further three-month rent-free period when the new lease commences.

As part of our ongoing asset management programme, we have now extended the leases on 23 stores or 64% of our leased store portfolio in the UK since 2012.

Joint Venture[14] with Carlyle- Investment in Opslag XL

As announced as part of our 14 January 2021 results announcement, the Group's joint venture with Carlyle acquired the three-store portfolio of Opslag XL in the Netherlands in December 2020. Safestore's equity investment in the joint venture, relating to Opslag XL, was c. €0.9m funded from the Group's existing resources. Safestore also earns a fee for providing management services to the joint venture. Safestore expects to earn an initial return on investment of 12% before transaction related costs for the first full year reflecting its share of expected joint venture profits and fees for management services.

Opslag XL has three locations in The Hague, Hilversum and Amsterdam. The Hague and Hilversum are freehold; the Amsterdam store is a short leasehold (December 2021). The business had 7,000 sq metres (75,000 sq ft) of MLA and an occupancy of 58%.

In June 2021, the joint venture acquired a freehold site with an existing building in Nijmegen in the Netherlands. Nijmegen has a population of 177,000 and the site is well located on a main road with good visibility and access. Safestore will provide 20% of the equity required to acquire and develop the site which will have an MLA of c. 40,000 sq ft.

These acquisitions complement the six stores in Amsterdam and Haarlem in the Netherlands acquired in August 2019 as well as the 6 stores purchased in 2020 in Brussels, Charleroi and Liège. In total, the joint venture will own 16 stores with 57,300 sq metres (614,000 sq ft) of MLA. The Group's further investment in the joint venture has been immediately accretive to Group earnings per share from completion and will support the Group's future dividend capacity.

Our joint venture provides an earnings-accretive opportunity to gain detailed operational exposure to new markets while carefully managing the investment risk. The Group's leading digital platform has already delivered substantial marketing benefits both in terms of costs and in terms of volume of enquiries. The operational integration has been completed in an efficient manner, leveraging the skills and capacities of our existing Head Offices in the UK and Paris.

Our local property development team also enables us to further our understanding of local property markets, which will allow the Group to allocate equity investment efficiently with a risk/reward profile similar to that of our historical core markets.

Portfolio Summary

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

The population of the Paris urban area is 10.7 million inhabitants with a density of 9,300 inhabitants per square mile in the urban area but 54,000 per square mile in the City of Paris and first belt, where 69% of our French stores are located and which has one of the highest population densities in the western world. 85% of the Paris region population live in central parts of the city versus the rest of the urban area, which compares with 60% in the London region. There are currently c.245 storage centres within the M25 as compared to only c.95 in the Paris urban area.

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

Our combined operations in London and Paris, with 77 stores, contributed £49.5m of revenue and £35.7m of store EBITDA in the first half of the financial year and offer a unique exposure to the two most attractive European self-storage markets.

Owned Store Portfolio by Region	**London & South East**	**Rest of UK**	**UK Total**	**Paris**	**Spain**	**Group Total**
Number of Stores	71	57	128	29	4	161
Let Square Feet (m sq ft)	2.29	2.18	4.47	1.07	0.10	5.64
Maximum Lettable Area (m sq ft)	2.78	2.73	5.51	1.36	0.11	6.98
Average Let Square Feet per store (k sq ft)	32	38	35	37	24	35
Average Store Capacity (k sq ft)	39	48	43	47	27	43
Closing Occupancy %	82.4%	79.6%	81.0%	78.7%	89.4%	80.7%
Average Rate (£ per sq ft)	30.15	18.77	24.66	34.08	27.86	26.51
Revenue (£'m)	42.2	25.0	67.2	19.5	1.4	88.1
Average Revenue per Store (£'m)	0.59	0.44	0.53	0.67	0.35	0.55

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

We have a strong position in both the UK and Paris markets operating 128 stores in the UK, 71 of which are in London and the South East, and 29 stores in Paris.

In the UK, 63% of our revenue is generated by our stores in London and the South East. On average, our stores in London and the South East are smaller than in the rest of the UK but the rental rates achieved are materially higher, enabling these stores to typically achieve similar or better margins than the larger stores. In London we operate 48 stores within the M25, more than any other competitor.

In France, we have a leading position in the heart of the affluent City of Paris market with nine stores branded as Une Pièce en Plus ("UPP") ("A spare room"). 59% of the UPP stores are located in a cluster within a five-mile radius of the city centre, which facilitates strong operational and marketing synergies as well as options to differentiate and channel customers to the right store subject to their preference for convenience or price affordability. The Parisian market has attractive socio-demographic characteristics for self-storage and we believe that UPP enjoys unique strategic strength in such an attractive market.

Together, as at 30 April 2021 London, the South East and Paris represent 62% of our stores, 70% of our revenues, as well as 58% of our available capacity.

In addition, Safestore has the benefit of a leading national presence in the UK regions where the stores are predominantly located in the centre of key metropolitan areas such as Birmingham, Manchester, Liverpool, Bristol, Newcastle, Glasgow and Edinburgh. Our 2019 acquisition of OMB in Barcelona represents a platform into the Spanish market where we hope to take advantage of development and acquisition opportunities and have recently announced the acquisition of five development sites in Barcelona and Madrid.

Market

The Self Storage Association ("SSA") stated in its May 2021 report, that in relation to COVID-19, the self-storage industry "held up well during the pandemic." Previous downturns have presented opportunities for self-storage and the report suggested that increased working from home, online retailing, a potentially greater tendency for home improvements and the government's stamp duty holiday in the UK have complemented the already broad range of demand drivers. The pandemic seems to have once again demonstrated the resilience of the self-storage industry.

The self-storage market in the UK and France remains relatively immature compared to geographies such as the USA and Australia. The SSA Annual Survey (May 2020) confirmed that self-storage capacity stands at 0.73 sq ft per head of population in the UK and 0.20 sq ft per capita in France. Whilst the Paris market density is greater than France, we estimate it to be significantly lower than the UK at around 0.36 sq ft per inhabitant. This compares with 9.44 sq ft per inhabitant in the USA and 1.89 sq ft in Australia. In the UK, in order to reach the US density of supply, it would require the addition of around another 17,000 stores as compared to c.1,400 currently. In the Paris region, it would require around 2,400 new facilities versus c.95 currently opened.

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

The volume of new store openings increased in 2017 and 2018. In 2018, the SSA reported 70 stores as having been opened across the industry in 2017. However, our own analysis of these openings shows that many were container-based operators and only c.30 of the sites represent self-storage sites that are comparable with Safestore's own portfolio. In the 2019 SSA Survey, it was estimated that c.40 traditional self-storage stores were opened in 2018 (excluding container storage) with less than half competing directly with Safestore. The 2020 and 2021 reports do not give detailed indications of the level of openings in 2019 or 2020 but our own estimates are that also around 40 were opened in each period.

The 40 comparable sites represent around 3% of the traditional self-storage industry in the UK. These figures represent gross openings and do not take into account storage facilities closing or being converted for alternative uses. We estimate that only around 25% of these sites compete with existing Safestore stores.

The SSA 2021 Survey also reported that operators' expectations in terms of new store openings and site acquisitions remained relatively consistent with previous years. For 2021, operators are estimating the completion of around 44 developments and around 48 in 2022. Traditionally, operators have opened or acquired far fewer stores than originally estimated. Based on these estimates, and adjusting for historical inaccuracy, we estimate that around 20-25 stores per annum will be developed over the coming years. If that supply is not within a relatively narrow radius of a Safestore store, it does not represent a competitive threat.

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

The supply in the UK market, according to the SSA Survey, remains relatively fragmented despite a number of acquisitions in the sector in the last four years. The SSA's estimates of the scale of the UK industry are finessed each year and changes from one year to the next represent improved data rather than new supply. In the 2021 report the SSA estimates that 1,997 self-storage facilities exist in the UK market including around 598 container-based operations. According to the 2021 survey, Safestore is the industry leader by number of stores with 128 wholly owned sites followed by Big Yellow with 102 stores (including Armadillo), Access with 57 stores, Lok'n Store with 37 stores, Shurgard with 34 stores and Storage King with 30 stores. In aggregate, the top ten leading operators account for almost 20% of the UK store portfolio. The remaining c.1,600 self-storage outlets (including 598 container-based operations) are independently owned in small chains or single units. In total there are 998 storage brands operating in the UK.

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

Our Spanish business operates in Barcelona and has recently announced its future expansion into Madrid. The metropolitan areas of Barcelona and Madrid have combined growing high density populations of 12m inhabitants and significant barriers to entry.

Consumer awareness of self-storage is increasing but remains relatively low, providing an opportunity for future industry growth. The SSA survey indicated that 50% (52% in 2020) of consumers either knew nothing about the service offered by self-storage operators or had not heard of self-storage at all. Since 2014, this statistic has only fallen 12ppts from 62%. Therefore, the opportunity to grow awareness, combined with limited new industry supply, makes for an attractive industry backdrop.

Self-storage is a brand-blind product. 56% of respondents were unable to name a self-storage business in their local area (54% in 2020). The lack of relevance of brand in the process of purchasing a self-storage product emphasises the need for operators to have a strong online presence. This requirement for a strong online presence was also reiterated by the SSA Survey where 77% of those surveyed (73% in 2020) confirmed that an internet search would be their chosen means of finding a self-storage unit to contact, whilst knowledge of a physical location of a store as reason for enquiry was only c. 25% of respondents (c. 26% in 2020).

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

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

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

Business and Personal Customers	UK	Paris	Spain
Personal Customers			
Numbers (% of total)	77%	83%	88%
Square feet occupied (% of total)	58%	67%	82%
Average Length of Stay (months)	20.0	28.3	21.1
Business Customers			
Numbers (% of total)	23%	17%	12%
Square feet occupied (% of total)	42%	33%	18%
Average Length of Stay (months)	29.8	32.6	22.7

Safestore’s customer base is resilient and diverse and consists of around 79,500 domestic, business and National Accounts customers across London, Paris, Spain and the UK regions.

Business Model

The Group operates in a market with relatively low consumer awareness. It is anticipated that this will increase over time as the industry matures. To date, despite the financial crisis in 2007/08 and the implementation of VAT in the UK on self-storage in 2012, the industry has been exceptionally resilient. In the context of uncertain economic conditions, driven by the COVID-19 pandemic and Brexit, the industry remains well positioned with limited new supply coming into the self-storage market.

With more stores inside London's M25 than any other operator and a strong position in central Paris, Safestore has leading positions in the two most important and demographically favourable markets in Europe. In addition, our regional presence in the UK is unsurpassed and contributes to the success of our industry-leading National Accounts business. In the UK, Safestore is the leading operator by number of wholly owned stores. With 92% of customers travelling for less than 30 minutes to their storage facility (2021 SSA Survey) Safestore's national store footprint represents a competitive advantage.

The Group's capital-efficient portfolio of 161 wholly owned stores in the UK, Paris and Barcelona consists of a mix of freehold and leasehold stores. In order to grow the business and secure the best locations for our facilities we have maintained a flexible approach to leasehold and freehold developments.

Currently, around a third of our stores in the UK are leaseholds with an average remaining lease length at 30 April 2021 of 12.6 years (FY2020: 12.5 years). Although our property valuation for leaseholds is conservatively based on future cash flows until the next contractual lease renewal date, Safestore has a demonstrable track record of successfully re-gearing leases several years before renewal whilst at the same time achieving concessions from landlords.

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

In Paris, where 38% of stores are leaseholds, our leases typically benefit from the well-enshrined Commercial Lease statute that provides that tenants own the commercial property of the premises and that they are entitled to renew their lease at a rent that is indexed to the National Construction Index published by the state. Taking into account this context, the valuer values the French leaseholds based on an indefinite property tenure, similar to freeholds but at a significantly higher exit cap rate.

The Group believes there is an opportunity to leverage its highly scalable marketing and operational expertise in new geographies outside the UK and Paris. During 2019, a joint venture[14] was established with Carlyle, which acquired the M3 Self Storage business in the Netherlands which has six stores in Amsterdam and Haarlem. In June 2020, the joint venture[14] added the Lokabox business, a portfolio of six stores in Brussels (2), Liege (2), Charleroi and Nivelles. In December 2020, the joint venture[14] acquired the Opslag XL portfolio adding a further three stores in Amsterdam, The Hague and Hilversum. The Group earns a management fee and a share of the profits of the joint venture[14]. The joint venture[14] added a development site at Nijmegen in the Netherlands in June 2021 and it is anticipated that it will investigate further opportunities in due course.

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

Safestore excels in the generation of customer enquiries which are received through a variety of channels including the internet, telephone and 'walk-ins'. In the early days of the industry, local directories and store visibility were key drivers of enquiries. However, the internet is now by far the dominant channel, accounting for 89% (2020: 87%) of our enquiries in the UK and 83% (2020: 77%) in France. Telephone enquiries comprise 8% of the total (11% in France) and 'walk-ins' amount to only 3% (6% in France). This dynamic is a clear benefit to the leading national operators that possess the budget and the management skills necessary to generate a commanding presence in the major search engines. Safestore has developed a leading digital marketing platform that has generated 88% enquiry growth over the last five years. Towards the end of 2015, the Group launched a new dynamic and mobile-friendly UK website, which has achieved its aim of providing the customer with an even clearer, more efficient experience. A similar website was launched in our Paris business at the end of 2016.

Although mostly generated online, our enquiries are predominantly handled directly by the stores and, in the UK, we have a Customer Support Centre ("CSC") which handles customer service issues in addition to enquiries, in particular when the store colleagues are busy handling calls or outside of normal store opening hours.

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

Customer service standards are high and customer satisfaction feedback is consistently very positive. We have achieved over 96% customer satisfaction, based on "excellent" or "good" ratings as collected by Feefo via our customer website.

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

We remain focused on business as well as domestic customers. Our national network means that we are uniquely placed to further grow the business customer market and in particular National Accounts. Business customers in the UK now constitute 42% of our total space let and have an average length of stay of 30 months. Within our business customer category, our National Accounts business represents around 530k sq ft of occupied space (around 12% of the UK's occupancy). Approximately two-thirds of the space occupied by National Accounts customers is outside London, demonstrating the importance and quality of our well invested national estate.

The business now has in excess of c. 79,500 business and domestic customers with an average length of stay of 30 months and 22 months respectively.

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

Since the completion of the rebalancing of our capital structure in early 2014, the subsequent amendment and extension of our banking facilities in summer 2015, the refinancing of all facilities in May 2017 and the issuances of a further £125m of US Private Placement Notes in 2019 and £150m in 2021, Safestore has secure financing, a strong balance sheet and significant covenant headroom. This provides the Group with financial flexibility and the ability to grow organically and via carefully selected new development or acquisition opportunities.

At 30 April 2021 we had 1.0m sq ft of unoccupied space in the UK and 0.3m sq ft in France, equivalent to c.35 full new stores. Our main focus is on filling the spare capacity in our stores at optimally yield-managed rates. The operational leverage of our business model will ensure that the bulk of the incremental revenue converts to profit given the relatively fixed nature of our cost base.

Trading Performance

UK Trading Performance

UK Operating Performance- total	2021	2020	Change[1]
Revenue (£'m)	67.2	59.8	12.4%
EBITDA (£'m)[3]	39.8	33.0	20.6%
EBITDA (after leasehold costs) (£'m)	35.8	29.1	23.0%
Closing Occupancy (let sq ft- million)[4]	4.466	3.745	19.3%
Maximum Lettable Area (MLA)[5]	5.51	5.36	2.8%
Closing Occupancy (% of MLA)[5]	81.0%	69.8%	+11.2ppts
Average Storage Rate (£)[6]	24.66	24.72	(0.2%)

UK Operating Performance- like-for-like[9]	2021	2020	Change[1]
Storage Revenue (£'m)	52.1	46.5	12.0%
Ancillary Revenue (£'m)	12.7	12.2	4.1%
Revenue (£'m)	64.8	58.7	10.4%
EBITDA (£'m)[3]	38.3	32.4	18.2%
Closing Occupancy (let sq ft- million)[4]	4.322	3.679	17.5%
Closing Occupancy (% of MLA)[5]	82.4%	70.6%	+11.8ppts
Average Occupancy (let sq ft- million)[4]	4.255	3.792	12.2%
Average Storage Rate (£)[6]	24.69	24.66	0.1%

The UK business accelerated strongly in the second quarter with total revenue up 12.4% for the six months. Like-for-like storage revenue was up 12.0% whilst the performance of ancillary revenues improved with growth of 4.1% compared to 2020. As a result, total like-for-like revenue was up 10.4% for the period.

The strong UK result was driven by an excellent occupancy performance. Like-for-like average occupancy grew by 12.2% compared to 2020 and the like-for-like closing occupancy at the end of April 2021 was up 11.8ppts at 82.4% (2020: 70.6%). The first half of the year saw a like-for-like occupancy inflow of 108,000 sq ft compared to an outflow of 247,000 sq ft in 2020, which reflected the impact of the first COVID-19 lockdown in March/ April 2020. Like-for-like average rate was up 0.1% for the six-month period.

Total revenue growth of 12.4% reflected the strong like-for-like performance, the 2020 store openings in Carshalton, Gateshead and Sheffield, the annualisation of the acquisitions of our St John's Wood and Chelsea stores and management fees from our Joint Venture with Carlyle. All acquisitions and new store developments are performing in line with or ahead of their business cases.

Our continued focus on cost was evident in the half year. During the period, our cost base increased by 0.9% or £0.2m on a like-for-like basis.

As a result, underlying EBITDA after leasehold costs for the UK business was £35.8m (2020: £29.1m), an increase of £6.7m or 23.0%.

Total EBITDA margins at store level increased by 3.7ppts to 67.6% and after administrative costs EBITDA margins grew by 4.0ppts to 59.2%.

As of 15 June 2021, 98.4% of our April 2021 and May 2021 revenue has been collected in the UK (96.9% in 2020).

Paris Trading Performance

Paris Operating Performance- total and like-for-like[4]	2021	2020	Change[1]
Storage Revenue (€'m)	20.17	19.90	1.4%
Ancillary Revenue (€'m)	1.94	1.85	4.9%
Revenue (€'m)	22.11	21.75	1.7%
EBITDA (€'m)[3]	15.4	14.1	9.2%
EBITDA (after leasehold costs) (€'m)	12.7	11.4	11.4%
Closing Occupancy (let sq ft- million)[4]	1.072	0.985	8.8%
Maximum Lettable Area (MLA)[5]	1.36	1.31	3.8%
Closing Occupancy (% of MLA)[5]	81.7%	75.1%	+6.6ppts
Average Storage Rate (€)[6]	38.67	39.88	(3.0%)
Revenue (£'m)	19.5	18.7	4.3%

For the current year to date, it should be noted that all stores in the portfolio are classified as like-for-like. Paris Magenta opened in late April 2021 so had not meaningfully contributed to revenue at the period end.

Paris had a robust period, growing revenue by 1.7% compared to last year.

Occupancy performance was strong with closing occupancy at 81.7%, up 6.6ppts compared to 2020. The period saw an occupancy inflow of 38,000 sq ft compared to an outflow of 30,000 sq ft in 2020, which reflected the impact of the first COVID-19 lockdown in March/ April 2020.

The average storage rate was down 3.0% for the period driven by promotional activity and a shift in the occupancy mix towards bigger units which command a lower price per sq ft. Ancillary revenues were strong, growing by 4.9% compared to 2020.

Sterling equivalent revenue was up 4.3% reflecting a 2.3% weakening in the average Sterling to Euro exchange rate over the 6 months period.

The like-for-like cost base in Paris remained well controlled during the period and was down 11.8% compared to the prior year.

As a result, like-for-like EBITDA after leasehold costs grew to €12.7m (2020: €11.4m), an improvement of €1.3m or 11.4% on 2020.

Total EBITDA margins at store level increased by 3.1ppts to 75.6% and after administrative costs EBITDA margins grew by 5.0ppts to 69.7%.

As of 15 June 2021, 90.5% of our April 2021 and May 2021 revenue has been collected in Paris (83.8% in 2020).

Spain Trading Performance

Our Barcelona business, which was acquired in December 2019, contributed €1.6m of revenue in the period. In the second quarter, the first fully comparable quarter under the Group's ownership, the business grew total revenue by 11.5%. Closing occupancy was up 0.3ppts at 89.4% (2020: 89.1%) whilst average rate for the second quarter grew by 6.8% to €32.16 (2020: €30.10) with ancillary revenues improving strongly.

The business contributed €1.0m of EBITDA.

Frederic Vecchioli
16 June 2021

Financial Review

Underlying Income Statement

The table below sets out the Group's underlying results of operations for the six months ended 30 April 2021 and the six months ended 30 April 2020.

	H1 2021 £'m	H1 2020 £'m	Mvmt %
Revenue	88.1	79.3	*11.1%*
Underlying costs	(34.0)	(33.7)	*0.9%*
Share of associate's underlying EBITDA	0.3	0.3	-
Underlying EBITDA	**54.4**	**45.9**	***18.5%***
Leasehold rent	(6.5)	(6.3)	*3.2%*
Underlying EBITDA after leasehold rent	**47.9**	**39.6**	***21.0%***
Depreciation	(0.5)	(0.4)	*25.0%*
Finance charges	(4.8)	(4.9)	*(2.0%)*
Share of associate's finance charges	(0.2)	(0.2)	-
Underlying profit before tax	**42.4**	**34.1**	***24.3%***
Current tax	(2.8)	(2.5)	*12.0%*
Share of associate's tax	(0.1)	(0.1)	-
Adjusted EPRA earnings	**39.5**	**31.5**	***25.4%***
Share-based payments charge	(5.9)	(2.8)	*110.7%*
EPRA basic earnings	**33.6**	**28.7**	***17.1%***
Average shares in issue (m)	210.8	210.4	
Diluted shares (for ADE EPS) (m)	218.4	217.2	
Adjusted diluted EPRA EPS (p)	**18.1**	**14.5**	***24.8%***

Notes:

1. Alternative performance measures (APM's) are used to assess, manage and monitor the financial performance, financial position, and cash flows of the business that are not defined as a statutory measure under IFRS. The Directors believe that these measures provide valuable supplementary information to investors, other stakeholders and the wider market in evaluating the Group's underlying business. Accordingly, these measures are to be viewed in addition to the statutory measures. For definitions of key APM's, refer to the glossary in the Group's Annual Report 2020, page 147. Relevant reconciliations of the APM's to the underlying financial statements are contained within the financial review and financial statements of the Group's annual report.
2. Adjusted Diluted EPRA EPS is defined in note 2 to the financial statements.
3. Adjusted EPRA earnings excludes share-based payment charges and, accordingly, the underlying EBITDA, underlying EBITDA after leasehold rent and underlying profit before tax measures have been restated to exclude share-based payment charges for consistency.

The table below reconciles profit before tax in the income statement to underlying profit before tax in the table above.

	H1 2021 £'m	H1 2020 £'m
Profit before tax	167.3	99.7
Adjusted for		
- gain on investment properties and investment property under construction	(131.3)	(67.3)
- change in fair value of derivatives	(1.6)	(1.6)
- net exchange loss	0.1	-
- share of associate's tax	0.1	0.1
- share-based payments	5.9	2.8
- exceptional items	1.9	0.4
Underlying profit before tax	42.4	34.1

Management considers the above presentation of earnings to be appropriate as it is representative of the underlying trading performance of the business.

Underlying EBITDA increased by 18.5% to £54.4m (H1 2020: £45.9m) reflecting an 11.1% increase in revenue offset by a 0.9% increase in the underlying cost base (see below). The leasehold rent charge has increased by 3.2% from £6.3m in H1 2020 to £6.5m, reflecting increased rents arising from rent reviews during the period.

Finance charges decreased by 2.0% from £4.9m in H1 2020 to £4.8m in H1 2021. This principally reflects £0.3m of finance income earned on the maturity of FX forwards.

The share based payments charge increased as the 2017 LTIP scheme nears the vesting date with a reduced probability of lapses and forfeiture by the option holders.

Given the Group's REIT status in the UK, tax is normally only payable in France and Spain. The current tax charge for the period increased by 12.0% to £2.8m (H1 2020: £2.5m).

As explained in note 2 to the financial statements, management considers that the most representative earnings per share ("EPS") measure is Adjusted Diluted EPRA EPS which has increased by 24.8% to 18.1 pence (H1 2020: 14.5 pence).

Reconciliation of Underlying EBITDA

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

	H1 2021 £'m	H1 2020 £'m
Operating profit	173.2	105.8
Adjusted for		
- gain on investment properties and investment property under construction	(131.3)	(67.3)
- fair value re-measurement of lease liabilities add-back	3.6	3.3
- share of associate's depreciation, interest and tax	0.3	0.3
- depreciation	0.5	0.4
- variable lease payments	0.3	0.2
- share-based payments	5.9	2.8
Exceptional items		
- costs incurred relating to corporate transactions and exceptional taxation costs	1.9	0.4
Underlying EBITDA	54.4	45.9

The main reconciling item between operating profit and underlying EBITDA is the gain on investment properties, which was £127.7m in H1 2021 (H1 2020: £64.0m) represented by gain on investment property and investment property under construction of £131.3m and fair value re-measurement of lease liabilities add-back (£3.6m). The Group's approach to the valuation of its investment property portfolio at 30 April 2021 is discussed below.

Underlying Profit by geographical region

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

	H1 2021				H1 2020			
	UK £'m	Paris €'m	Spain €'m	Total (CER) £'m	UK £'m	Paris €'m	Spain €'m	Total (CER) £'m
Revenue	67.2	22.1	1.6	87.6	59.8	21.8	1.0	79.3
Underlying cost of sales	(21.8)	(5.4)	(0.3)	(26.8)	(21.6)	(6.0)	(0.2)	(26.9)
Store EBITDA	45.4	16.7	1.3	60.8	38.2	15.8	0.8	52.4
Store EBITDA margin	*67.6%*	*75.6%*	*81.3%*	*69.4%*	*63.9%*	*72.5%*	*80%*	*66.1%*
Underlying administrative expenses	(5.6)	(1.3)	(0.3)	(7.0)	(5.2)	(1.7)	(0.2)	(6.8)
Underlying EBITDA	39.8	15.4	1.0	53.8	33.0	14.1	0.6	45.6
EBITDA margin	*59.2%*	*69.7%*	*62.5%*	*61.4%*	*55.2%*	*64.7%*	*60.0%*	*57.5%*
Leasehold rent	(4.0)	(2.7)	(0.2)	(6.5)	(3.9)	(2.7)	(0.2)	(6.3)
Underlying EBITDA after leasehold rent	35.8	12.7	0.8	47.3	29.1	11.4	0.4	39.3
EBITDA after leasehold rent margin	*53.3%*	*57.5%*	*50.0%*	*54.0%*	*48.7%*	*52.3%*	*40.0%*	*49.6%*
	UK £'m	**Paris £'m**	**Spain £'m**	**Total £'m**	**UK £'m**	**Paris £'m**	**Spain £'m**	**Total £'m**
Underlying EBITDA after leasehold rent (CER)	35.8	10.9	0.6	47.3	29.1	9.9	0.3	39.3
Adjustment to actual exchange rate	-	0.3	-	0.3				
Share of associates underlying EBITDA				0.3				0.3
Reported underlying EBITDA after leasehold rent	35.8	11.2	0.6	47.9	29.1	9.9	0.3	39.6

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

Underlying EBITDA in the UK increased by £6.8m, or 20.6%, to £39.8m (H1 2020: £33.0m), reflecting a 12.4% increase in revenue, arising from a 13.7% increase in average occupancy offset partially by a 0.9% increase in the underlying cost base, driven by strong like-for-like revenue growth of 10.4% in addition to acquisitions and new store openings. The underlying UK EBITDA margin increased to 59.2% compared to 55.2% in H1 2020.

In Paris, underlying EBITDA increased by €1.3m, or 9.2%, to €15.4m (H1 2020: €14.1m), reflecting a €0.3m increase in revenue, arising from a 4.9% increase in average occupancy offset by a 3.0% decrease in the average storage rate. The EBITDA after leasehold costs margin in Paris grew from 52.3% in H1 2020 to 57.5% in H1 2021, reflecting the improving occupancy. Underlying EBITDA after leasehold rent in Paris increased by 11.4% to €12.7m (H1 2020: €11.4m).

In Spain, underlying EBITDA increased by €0.4m, or 66.7%, to €1.0m, reflecting an increase in revenue, arising from a 0.5% increase in average occupancy coupled with a 5.3% increase in the average storage rate as well as the annualisation of the acquisition in 2020.

The combined performance of the UK, Paris and Spain resulted in a 20.4% increase in underlying EBITDA after leasehold rent at constant exchange rates. Adjusting for a favourable exchange impact of £0.3m in the current year and share of associate's underlying EBITDA of £0.3m (H1 2020: £0.3m), Group reported underlying EBITDA after leasehold rent has increased by 21.0% or £8.3m to £47.9m (H1 2020: £39.6m).

Revenue

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

The split of the Group's revenues by geographical segment is set out below for H1 2021 and H1 2020.

		H1 2021	% of total	H1 2020	% of total	% change
UK	£'m	67.2	76%	59.8	75%	12.4%
Paris						
Local currency	€'m	22.1		21.8		1.4%
Average exchange rate	€:£	1.135		1.162		2.3%
Paris in Sterling	£'m	19.5	22%	18.7	24%	4.3%
Spain						
Local currency	€'m	1.6		1.0		60%
Average exchange rate	€:£	1.135		1.162		2.3%
Spain in Sterling	£'m	1.4	2%	0.8	1%	75%
Total revenue		88.1	100%	79.3	100%	11.1%

The Group's reported revenue increased by 11.1% or £8.8m during the period. The Group's occupied space was 811,000 sq ft higher at 30 April 2021 (5.63 million sq ft) than at 30 April 2020 (4.82 million sq ft). Average occupancy during the period was 11.6% higher at 5.53 million sq ft (H1 2020: 4.95 million sq ft), and the reported average rental rate for the Group for the period remained steady at £26.51 (H1 2020 £26.52).

On a like-for-like basis, adjusting for the impact of new stores, the Group's revenue has increased by 8.9% since H1 2020. Adjusting for a favourable exchange impact in the current year, revenue increased by 8.3% on a constant currency basis.

In the UK, reported revenue increased by £7.4m or 12.4%. Closing occupancy increased by 19.3% to 4.47 million sq ft at 30 April 2021 (H1 2020: 3.74 million sq ft) and the average rental rate decreased slightly by (0.2)% to £24.66 (H1 2020: £24.72). The average space occupied during the period was up 13.6% compared with H1 2020 at 4.38 million sq ft (H1 2020: 3.86 million sq ft).

On a like-for-like basis, adjusting for new stores, UK revenue increased by £6.1m or 10.4% arising from a 12.2% increase in average occupancy and a 0.1% increase in the average store rate.

In Paris, revenue increased by €0.3m or 1.4%. The average Euro exchange rate for H1 2021 was €1.135:£1 compared with €1.162:£1 in H1 2020 resulting in a positive impact on revenue of £0.5m and revenue in constant currency increased by £0.3m to £19.0m (H1 2020: £18.7m).

Paris closing occupancy at 30 April 2021 has increased by 8.8% compared to 30 April 2020 to 1.07 million sq ft and average occupancy for the period of 1.05 million sq ft is a 4.9% increase compared to H1 2020, primarily as a result of robust like-for-like trading. The average rental rate in Paris was €38.67 for the period, a decrease of 3.0% on H1 2020, €39.88.

For Spain, revenue was €1.6m with a closing occupancy 0.97 million sq ft (H1 2020: 0.94 million sq ft), or 89.4% (H1 2020: 89.1%).

Analysis of Cost Base

Cost of sales

The table below details the key movements in cost of sales between H1 2020 and H1 2021.

Cost of sales	H1 2021 £'m	H1 2020 £'m
Reported cost of sales	(27.7)	(27.5)
Adjusted for:		
Depreciation	0.5	0.4
Contingent rent	0.3	0.2
Underlying cost of sales	(26.9)	(26.9)

Underlying cost of sales for H1 2020	(26.9)
New developments cost of sales	0.8
Underlying cost of sales for H1 2020 (Like-for-like)	(26.1)
Volume related cost of sales	0.1
Facilities and utilities savings	0.8
Employee remuneration	(0.4)
Underlying cost of sales for H1 2021 (Like-for-like; CER)	(25.6)
New developments cost of sales	(1.2)
Underlying cost of sales for H1 2021 (CER)	(26.8)
Foreign exchange	(0.1)
Underlying cost of sales for H1 2021	(26.9)

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

Adjusting for the impact of new stores, underlying cost of sales on a like-for-like basis decreased by 1.9% or £0.5m, to £25.6m (H1 2020: £26.1m) in constant currency, principally due to savings in volume related cost of sales and facilities and rates.

The cost of sales attributable to new and acquired sites at Birmingham, Carshalton, Gateshead and Sheffield in the UK and Magenta in Paris and the annualisation of the acquisitions of our St John’s Wood and Chelsea in the UK and in the consolidated results in Spain is £1.2m in H1 2021. Underlying cost of sales remained flat at £26.9m in H1 2021.

Administrative Expenses

The table below reconciles reported administrative expenses to underlying administrative expenses and details the key movements in underlying administrative expenses between H1 2020 and H1 2021.

Administrative expenses	**H1 2021 £'m**	**H1 2020 £'m**
Reported administrative expenses	(14.9)	(10.0)
Adjusted for:		
Share-based payments	5.9	2.8
Exceptional items	1.9	0.4
Underlying administrative expenses	(7.1)	(6.8)

Underlying administrative expenses for H1 2020	(6.8)
New development administrative expenses	0.1
Underlying administrative expenses for H1 2020 (Like-for-like)	(6.7)
Employee related and travel costs	0.3
Professional fees and administration costs	(0.3)
Underlying administrative expenses for H1 2021 (Like-for-like; CER)	(6.7)
New development administrative expenses	(0.3)
Underlying administrative expenses for H1 2021 (CER)	(7.0)
Foreign exchange	(0.1)
Underlying administrative expenses for H1 2021	(7.1)

In order to arrive at underlying administrative expenses, adjustments are made to remove the impact of exceptional items, share based payments and corporate transaction costs.

Underlying administrative expenses increased by 4.4% or £0.3m to £7.1m (H1 2020: £6.8m). The increase arose predominantly from new stores and developments (£0.2m).

Investment Properties

A full external valuation of the store portfolio is undertaken by the Group on an annual, rather than a six monthly basis. At 30 April 2021, a sample of the Group’s largest properties, representing approximately 42% of the value of the Group’s investment property portfolio at 31 October 2020, has been valued by the Group’s external valuers, Cushman & Wakefield LLP ("C&W"). In addition, at the same date, the Directors have prepared estimates of fair values for the remaining 58% of the Group’s investment property portfolio, updating 31 October 2020 valuations to incorporate latest assumptions to reflect current market conditions and trading.

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

	H1 2021 £'m	H1 2020 £'m
Revaluation of investment properties	129.8	68.6
Revaluation of investment properties under construction	1.5	(1.3)
Fair value re-measurement of lease liabilities add back	(3.6)	(3.3)
Gain on investment properties	127.7	64.0

The movement on investment properties reflects the increased value of the Group's store portfolio as a result of the continuing strong trading performance and the impact of leasehold renewals and store extensions. The UK business contributed £107.6m of the £131.3m net revaluation gain (including investment properties under construction), with a £23.1m revaluation gain arising in Paris and a £0.6m revaluation gain arising in Spain. The valuation gain has primarily arisen due to reduced exit cap rates resulting from strong demand for self-storage suitable real estate as well as improving trading cash flow forecasts.

Operating profit

Reported operating profit increased by £67.4m from £105.8m in H1 2020 to £173.2m in H1 2021, primarily reflecting a £63.7m higher investment property gain (including investment properties under construction) as well as a £3.7m increase in operating profit before investment properties.

Net finance costs

Net finance costs includes interest payable, interest on obligations under finance leases, fair value movements on derivatives, exchange gains or losses, unwinding of discounts and exceptional refinancing costs. Net finance costs decreased by £0.2m to £5.9m in H1 2021 (H1 2020: £6.1m). The main driver of the decrease was the interest received on the loan to associates as well as the financial instruments income. It should be noted, movements in the fair value of derivatives are now required to be disclosed as net of finance interest expense and therefore, within finance costs.

	H1 2021 £'m	H1 2020 £'m
Interest from loan to associates	0.1	
Financial instruments income	0.1	
Underlying finance income	0.2	-
Fair value movement on derivatives		1.6
Total finance income	0.2	1.6
Interest payable on bank loans and overdrafts	(4.8)	(4.7)
Amortisation of debt issuance costs on bank loans	(0.2)	(0.2)
Underlying finance costs	(5.0)	(4.9)
Interest on obligations under finance leases	(2.6)	(2.8)
Fair value movement on derivatives	1.6	
Net exchange losses	(0.1)	-
Total finance costs	(6.1)	(7.7)
Net finance costs	(5.9)	(6.1)

Underlying finance charge

The net underlying finance charge (Interest payable on bank loans and overdrafts) decreased to £4.8m, from £4.9m in H1 2020. The decrease reflects the gain made during the period arising from the maturity of FX forwards, implemented to minimise the Euro:GBP volatility. Underlying finance costs also includes the amortisation of debt issue costs of £0.2m as at 30 April 2021 (H1 2020: £0.2m).

Based on the drawn debt position as at 30 April 2021, the effective interest rate is analysed as follows:

	Facility £/€'m	Drawn £'m	Hedged £'m	Hedged %	Bank Margin	Hedged Rate	Floating Rate	Total Rate
UK Revolver	£250.0	£157.0	£55.0	35%	1.25%	0.82%	0.05%	1.57%
UK Revolver- non-utilisation	£93.0	-	-	-	0.50%	-	-	0.50%
Euro Revolver	€70.0	£26.1	£26.1	100%	1.25%	0.17%	(0.55%)	1.42%
Euro Revolver- non-utilisation	€40.00	-	-	-	0.50%	-	-	0.50%
US Private Placement 2024	€50.9	£44.3	£44.3	100%	1.59%	-	-	1.59%
US Private Placement 2027	€74.1	£64.4	£64.4	100%	2.00%	-	-	2.00%
US Private Placement 2029	£50.5	£50.5	£50.5	100%	2.92%	-	-	2.92%
US Private Placement 2026	€70.0	£60.9	£60.9	100%	1.26%	-	-	1.26%
US Private Placement 2026	£35.0	£35.0	£35.0	100%	2.59%	-	-	2.59%
US Private Placement 2029	£30.0	£30.0	£30.0	100%	2.69%	-	-	2.69%
Unamortised finance costs	-	(£1.3)	-	-	-	-	-	-
Total	£596.0	£466.9	£366.2	78%				2.10%

As at 30 April 2021, £157m of the £250m UK revolver and €30m (£26.1m) of the €70m Euro revolver were drawn. The drawn amounts attract a bank margin of 1.25%, and the Group pays a non-utilisation fee of 0.50% on the undrawn balances of £93m and €40m respectively.

The Group has interest rate hedge agreements in place to June 2023, swapping LIBOR on £55m at a weighted average effective rate of 0.82% and EURIBOR on €30m at an effective rate of 0.17%.

The €50.9m 2024, €70.0m 2026 and €74.1m 2027 US Private Placement Notes are denominated in Euro and attract a fixed interest rate of 1.59%, 1.26% and 2.00% respectively. The Euro denominated borrowings provide a natural hedge against the Group's investment in the Paris business.

The £35.0m 2026, £50.5m 2029 and £30.0m 2029 US Private Placement Notes are denominated in Sterling and attract a fixed interest rate of 2.59%, 2.92% and 2.69% respectively.

78% of the Group's drawn debt is effectively at fixed rates of interest, as a result of the hedging arrangements and fixed interest loan notes. Overall, the Group has an effective interest rate on its borrowings of 2.10% at 30 April 2021, compared to 2.13% at the previous year end, as a result of increased weighting of bank borrowing in the overall mix of debt.

On 7 May 2021, Safestore extended its borrowing facilities with the issuance of the equivalent of £150m new sterling and euro denominated US Private Placement ("USPP") Notes with the following coupons and tenors:

- £20m 7 year notes at a coupon of 1.96% (credit spread of 140 bps)
- €29m 7 year notes a coupon of 0.93% (credit spread of 105 bps)
- £80m 10 year notes a coupon of 2.39% (credit spread of 150 bps)
- €29m 12 year notes a coupon of 1.42% (credit spread of 118 bps)

The funds will be received in June 2021 and August 2021 and will be used initially to pay down Revolving Credit Facilities ("RCF") thereby providing further capacity for medium-term growth. The USPP notes were issued to a group of existing institutional investors.

In addition, an uncommitted €115m Shelf facility, which can be drawn in Euros or Sterling, was agreed with one existing lender, giving the Group further financing flexibility. The facility would be drawn in the form of Private Placement Notes at a coupon to be agreed at the time of funding.

Non-underlying finance charge

Interest on finance leases was £2.6m (H1 2020: £2.8m) and reflects part of the leasehold rental payment. The balance of the leasehold payment is charged through the gain or loss on investment properties line and variable lease payments in the income statement. Overall, the leasehold rent charge increased from £6.3m in H1 2020 to £6.5m in H1 2021, reflecting increased rents arising from rent reviews during the period. A net gain of £1.6m was recognised on fair valuation of derivatives (H1 2020: net gain of £1.6m).

The Group undertakes net investment hedge accounting for its Euro denominated loan notes.

Tax

The tax credit for the period is analysed below:

Tax charge	H1 2021 £'m	H1 2020 £'m
Underlying current tax	(2.8)	(2.5)
Prior year - exceptional	0.5	-
Current tax charge	(2.3)	(2.5)
Tax on investment properties movement	(6.7)	(7.9)
Other	-	0.2
Deferred tax (charge)/credit	(6.7)	(7.7)
Net tax (charge)/credit	(9.0)	(10.2)

Income tax in the period was a net charge of £9.0m (H1 2020: £10.2m).

In the UK, the Group is a REIT, so the current tax charge relates to the Paris and Spain businesses. The current tax charge for the period amounted to £2.8m (H1 2020: £2.5m).

Profit after tax

The profit after tax for the period was £158.3m, compared with £89.5m in H1 2020, an increase of £68.8m which arose principally due to the increased gain on investment properties (contributing £67.7m of the increase), which is explained above.

Basic EPS was 75.1 pence (H1 2020: 42.5 pence) and diluted EPS was 74.4 pence (H1 2020: 42.4 pence). As explained in note 2 to the financial statements, management considers adjusted diluted EPRA EPS to be more representative of the underlying EPS performance of the business.

Dividends

The Board has announced an interim dividend of 7.5 pence per share, representing a 27.1% increase from the interim dividend paid last year of 5.9 pence. This will amount to a dividend payment of £15.8m (H1 2020: £12.4m). The dividend will be paid on 13 August 2021 to shareholders who are on the Company's register at the close of business on 9 July 2021. The ex-dividend date will be 8 July 2021. 100% (H1 2020: 100%) of the dividend will be paid as a REIT Property Income Distribution ("PID").

Property Valuation

As discussed above, a sample of the Group's largest properties, representing approximately 42% of the value of the Group's investment property, has been valued by the Group's external valuers and the Directors have prepared estimates of fair values for the remaining 58% of the Group's investment property portfolio.

	UK **£'m**	**Paris** **£'m**	**Spain** **£'m**	**Total** **£'m**	**Paris** **€'m**	**Spain** **€'m**
Value as at 1 November 2020	1,135.2	400.9	21.4	1,557.5	445.4	23.9
Currency translation movement	-	(14.0)	(0.6)	(14.6)	-	-
Additions	4.9	2.3	0.2	7.4	2.6	0.2
Reclassifications	1.5	2.2	-	3.7	2.5	-
Revaluation	106.1	23.1	0.6	129.8	26.2	0.7
Value as at 30 April 2021	1,247.7	414.5	21.6	1,683.8	476.7	24.8

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

The exchange rate at 30 April 2021 was €1.15:£1 compared to €1.11:£1 at 31 October 2020. This movement in the foreign exchange rate has resulted in a £14.6m negative currency translation movement in the period. This affects net asset value ("NAV") but has no impact on the loan to value ("LTV") covenant as the assets in Paris are tested in Euro.

The Group's property portfolio valuation excluding investment properties under construction has increased by £126.3m from the valuation of £1,557.5m at 31 October 2020. This reflects the gain on valuation of £129.8m, which is explained above, plus £11.1m relating to additions, store refurbishments and reclassifications and (£14.6m) of foreign exchange movements on the translation of the Paris and Spain portfolios.

EPRA Basic NAV[13] per share was £5.96, an increase of 11.9% since 31 October 2020.

Gearing and Capital Structure

As at 30 April 2021, the Group's borrowings comprised bank borrowing facilities, made up of a UK term loan and revolving facilities in the UK and France, as well as US Private Placements.

Net debt (including finance leases and cash) stood at £505.1m at 30 April 2021, a decrease of £7.0m during the period, from £512.1m at 31 October 2020, that is principally due to increased revenue generated by the Group resulting in reduced drawings for development property acquisition and construction costs relating to acquired leasehold property. Total capital (net debt plus equity) increased from £1,547.7m at 31 October 2020 to £1,671.8m at 30 April 2021. The net impact is that the gearing ratio has decreased to 30.2% at 30 April 2021 from 33.1% at 31 October 2020.

Management also measures gearing with reference to its loan to value ("LTV") ratio defined as gross debt (excluding lease liabilities) as a proportion of the valuation of investment properties and investment properties under construction (excluding finance leases). At 30 April 2021, the Group LTV ratio was 27% compared with 29% at 31 October 2020. The Board considers the current level of gearing is appropriate for the business to enable the Group to increase returns on equity, maintain financial flexibility and to achieve our medium-term strategic objectives.

As at 30 April 2021, £157m of the £250m UK revolver and €30m (£26.1m) of the €70m Euro revolver were drawn. Including the US Private Placement debt of €195m (£169.6m) and £115.5m, the Group's borrowings totalled £468.2m (before adjustment for unamortised finance costs). As at 30 April 2021, the weighted average remaining term for the Group's committed borrowing facilities is 4.0 years, excluding the new USPP signed in early May 2021.

Borrowings under the existing loan facilities are subject to certain financial covenants. The UK bank facilities and the US Private Placement share interest cover and LTV covenants. The interest cover requirement of EBITDA:interest is 2.4:1, where it will remain until the end of the facilities' terms. Interest cover for the rolling twelve month period to 30 April 2021 is 10x, calculated on the basis required under our financial covenants.

The LTV covenant is 60% in both the UK and France, where it will remain until the end of the facilities' terms. As at 30 April 2021, there is significant headroom in both the UK LTV and the French LTV covenant calculations. The Group is in compliance with its covenants at 30 April 2021 and, based on forecast projections (which considered a number of factors, including the current balance sheet position, the principal and emerging risks which could impact the performance of the Group and the Group's strategic and financial plan), is expected to be in compliance for a period in excess of twelve months from the date of this report, as discussed in note 2 of the financial statements.

Cash flow

The table below sets out the cash flow of the business in H1 2021 and H1 2020.

	H1 2021 £'m	H1 2020 £'m
Underlying EBITDA	54.4	45.9
Working capital/ exceptionals/ other	(0.3)	-
Adjusted operating cash inflow	54.1	45.9
Interest payments	(4.6)	(4.6)
Leasehold rent payments	(6.5)	(6.3)
Tax payments	(2.7)	(2.6)
Free cash flow (before investing and financing activities)	40.3	32.4
Acquisition of subsidiary, net of cash acquired	-	(18.5)
Loans to associates	(0.2)	-
Investment in associates	(1.5)	-
Capital expenditure - investment properties	(16.1)	(31.9)
Capital expenditure - property, plant and equipment	(0.3)	(0.6)
Adjusted net cash flow after investing activities	22.2	(18.6)
Issues of share capital	0.7	-
Dividends paid	(23.0)	(21.8)
Net drawdown of borrowings	19.0	22.2
Debt issuance costs	-	(0.5)
Net increase/(decrease) in cash	18.9	(18.7)

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

Adjusted operating cash flow increased by £8.2m in the period, principally reflecting the £8.5m increase in underlying EBITDA.

Interest payments remained steady compared to the prior half year, driven by increases in interest on the UK RCF of £0.3m offset by gains made on maturity of FX forwards, £0.3m. Tax paid during the period increased slightly by £0.1m principally due to increased payments on account associated with the stronger Paris performance. As a result, free cash flow (before investing and financing activities) grew by £7.9m to £40.3m (H1 2020: £32.4m).

Investing activities experienced a net outflow of £18.1m (H1 2020: net outflow of £51.0m) from capital expenditure relating to new sites at Paris Magenta, Paddington Park West Place in London, Birmingham and several store extensions. Of the £16.1m cash outflow on investment properties, £1.6m (H1 2020: £2.4m) was spent on capital maintenance and store fit-outs, with the balance principally spent on new stores and development of the existing portfolio.

Dividends paid to shareholders increased from £21.8m in H1 2020 to £23.0m in H1 2021, and the Group drew a net £19.0m of borrowings, primarily to finance capital expenditure.

The first table below reconciles free cash flow (before investing and financing activities) in the table above to net cash inflow from operating activities in the consolidated cash flow statement. The second table below reconciles adjusted net cash flow after investing activities in the table above to the consolidated cash flow statement.

	H1 2021 £'m	**H1 2020 £'m**
Free cash flow (before investing and financing activities)	40.3	32.4
Addback: Finance lease principal payments	3.6	3.3
Net cash inflow from operating activities	43.9	35.7

	H1 2021 £'m	**H1 2020 £'m**
From table above:		
Adjusted net cash flow after investing activities	22.2	(18.6)
Addback: Finance lease principal payments	3.6	3.3
Net cash outflow after investing activities	25.8	(15.3)
From consolidated cash flow:		
Net cash inflow from operating activities	43.9	35.7
Net cash outflow from investing activities	(18.1)	(51.0)
Net cash outflow after investing activities	25.8	(15.3)

Consolidated income statement
for the six months ended 30 April 2021

	Note	**Six months ended 30 April 2021 (unaudited) £m**	Six months ended 30 April 2020 (unaudited) £m	Year ended 31 October 2020 (audited) £m
Revenue	4,5	**88.1**	79.3	162.3
Cost of sales		**(27.7)**	(27.5)	(56.3)
Gross profit		**60.4**	51.8	106.0
Administrative expenses		**(14.9)**	(10.0)	(20.3)
Share of profit in associate		**-**	-	-
Underlying EBITDA	5	**54.4**	45.9	93.9
Exceptional items	6	**(1.9)**	(0.4)	(0.2)
Share-based payments		**(5.9)**	(2.8)	(6.5)
Depreciation and variable lease payments		**(0.8)**	(0.6)	(1.2)
Share of associate's depreciation, interest and tax		**(0.3)**	(0.3)	(0.3)
Operating profit before gain on investment properties		**45.5**	41.8	85.7
Gain on investment properties	13	**127.7**	64.0	126.5
Operating profit		**173.2**	105.8	212.2
Finance income	7	**0.2**	1.6	0.5
Finance expense	7	**(6.1)**	(7.7)	(14.8)
Profit before income tax	5	**167.3**	99.7	197.9
Income tax charge	8	**(9.0)**	(10.2)	(19.9)
Profit for the period		**158.3**	89.5	178.0
Earnings per share for profit attributable to the equity holders				
- basic (pence)	11	**75.1**	42.5	84.6
- diluted (pence)	11	**74.4**	42.4	84.0

All items in the income statement relate to continuing operations.

Underlying EBITDA is an Alternative Performance Measure and is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, gain/loss on investment properties, depreciation and variable lease payments and the share of associate's depreciation, interest and tax.

An interim dividend of 7.5 pence per ordinary share has been declared for the period ended 30 April 2021 (30 April 2020: 5.9 pence).

Consolidated statement of comprehensive income
for the six months ended 30 April 2021

	Six months ended 30 April 2021 (unaudited) £m	Six months ended 30 April 2020 (unaudited) £m	Year ended 31 October 2020 (audited) £m
Profit for the period	**158.3**	89.5	178.0
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Currency translation differences	**(10.6)**	2.9	12.1
Net investment hedge	**5.6**	(1.6)	(7.4)
Total other comprehensive (expense)/income, net of tax	**(5.0)**	1.3	4.7
Total comprehensive income for the period	**153.3**	90.8	182.7

Consolidated balance sheet
as at 30 April 2021

	Note	**30 April 2021 (unaudited) £m**	30 April 2020 (unaudited) £m	31 October 2020 (audited) £m
Non-current assets				
Investment in associates	12	**6.8**	2.8	5.3
Fair value of investment properties, net of lease liabilities		**1,683.8**	1,451.2	1,557.5
Add-back of lease liabilities		**76.2**	81.6	76.9
Investment properties under construction		**18.2**	15.6	14.0
Total investment properties	13	**1,778.2**	1,548.4	1,648.4
Property, plant and equipment		**3.0**	3.0	3.2
Derivative financial instruments	17	**0.8**	1.4	0.5
Deferred tax assets	9	**0.2**	0.2	0.2
Other receivables		**-**	0.2	-
		1,789.0	1,556.0	1,657.6
Current assets				
Inventories		**0.3**	0.3	0.3
Derivative financial instruments	17	**0.9**	0.8	0.4
Trade and other receivables		**28.8**	27.4	23.2
Current income tax assets		**0.2**	-	-
Cash and cash equivalents		**38.2**	14.6	19.6
		68.4	43.1	43.5
Total assets		**1,857.4**	1,599.1	1,701.1
Current liabilities				
Trade and other payables		**(55.9)**	(49.9)	(47.2)
Current income tax liabilities		**-**	(2.5)	(0.2)
Obligations under lease liabilities		**(12.2)**	(12.2)	(12.3)
		(68.1)	(64.6)	(59.7)
Non-current liabilities				
Bank borrowings	16	**(466.9)**	(436.8)	(454.5)
Derivative financial instruments	17	**(0.8)**	(1.2)	(1.4)
Deferred tax liabilities	9	**(88.7)**	(73.2)	(85.0)
Obligations under lease liabilities		**(64.2)**	(69.7)	(64.9)
Provisions	23	**(2.0)**	-	-
		(622.6)	(580.9)	(605.8)
Total liabilities		**(690.1)**	(645.2)	(665.5)
Net assets		**1,166.7**	953.6	1,035.6
Shareholders' equity				
Ordinary shares	18	**2.1**	2.1	2.1
Share premium		**61.3**	60.6	60.6
Translation reserve		**9.5**	11.1	14.5
Retained earnings		**1,093.8**	879.8	958.4
Total equity		**1,166.7**	953.6	1,035.6

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

Condensed consolidated statement of changes in equity
for the six months ended 30 April 2021

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 November 2020	2.1	60.6	14.5	958.4	1,035.6
Total comprehensive income for the period	-	-	(5.0)	158.3	153.3
Transactions with owners in their capacity as owner:					
Dividends (note 10)	-	-	-	(26.8)	(26.8)
Increase in share capital	-	0.7	-	-	0.7
Employee share options	-	-	-	3.9	3.9
At 30 April 2021	**2.1**	**61.3**	**9.5**	**1,093.8**	**1,166.7**

Condensed consolidated statement of changes in equity
for the six months ended 30 April 2020

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total Equity £m
At 1 November 2019	2.1	60.6	9.8	813.4	885.9
Total comprehensive income for the period	-	-	1.3	89.5	90.8
Transactions with owners in their capacity as owner:					
Dividends (note 10)	-	-	-	(25.3)	(25.3)
Employee share options	-	-	-	2.2	2.2
At 30 April 2020	**2.1**	**60.6**	**11.1**	**879.8**	**953.6**

Condensed consolidated statement of changes in equity
for the year ended 31 October 2020

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total Equity £m
At 1 November 2019	2.1	60.6	9.8	813.4	885.9
Total comprehensive income for the year	-	-	4.7	178.0	182.7
Transactions with owners in their capacity as owner:					
Dividends (note 10)	-	-	-	(37.7)	(37.7)
Increase in share capital	-	-	-	-	-
Employee share options	-	-	-	4.7	4.7
At 31 October 2020	**2.1**	**60.6**	**14.5**	**958.4**	**1,035.6**

Consolidated cash flow statement
for the six months ended 30 April 2021

	Six months ended 30 April 2021 (unaudited) £m	Six months ended 30 April 2020 (unaudited) £m	Year ended 31 October 2020 (audited) £m
Profit before income tax	**167.3**	99.7	197.9
Gain on the revaluation of investment properties	**(127.7)**	(64.0)	(126.5)
Share of profit in associate	**-**	-	-
Depreciation	**0.5**	0.4	0.9
Net finance expense	**5.9**	6.1	14.3
Employee share options	**3.9**	2.2	4.7
Increase in trade and other receivables	**(5.2)**	(4.4)	(0.1)
Increase in trade and other payables	**7.1**	5.7	4.3
Increase in provision	**2.0**	-	-
Cash flows from operating activities	**53.8**	45.7	95.5
Interest received	**0.3**	-	0.2
Interest paid	**(7.5)**	(7.4)	(14.7)
Tax paid	**(2.7)**	(2.6)	(5.3)
Net cash inflow from operating activities	**43.9**	35.7	75.7
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	**-**	(18.5)	(14.3)
Investment in associates	**(1.5)**	-	(2.5)
Loans to associates	**(0.2)**	-	-
Expenditure on investment and development properties	**(16.1)**	(31.9)	(59.9)
Proceeds in respect of Capital Goods Scheme	**-**	-	0.3
Purchase of property, plant and equipment	**(0.3)**	(0.6)	(1.3)
Proceeds from sale of property, plant and equipment	**-**	-	0.1
Net cash outflow from investing activities	**(18.1)**	(51.0)	(77.6)
Cash flows from financing activities			
Issue of share capital	**0.7**	-	-
Equity dividends paid	**(23.0)**	(21.8)	(37.7)
Proceeds from borrowings	**27.0**	39.5	57.5
Repayment of borrowings	**(8.0)**	(17.3)	(24.4)
Debt issuance costs	**-**	(0.5)	(0.5)
Principal payment of lease liabilities	**(3.6)**	(3.3)	(6.9)
Net cash outflow from financing activities	**(6.9)**	(3.4)	(12.0)
Net increase/(decrease) in cash and cash equivalents	**18.9**	(18.7)	(13.9)
Exchange (loss)/gain on cash and cash equivalents	**(0.3)**	0.1	0.3
Opening cash and cash equivalents	**19.6**	33.2	33.2
Closing cash and cash equivalents	**38.2**	14.6	19.6

Reconciliation of net cash flow to movement in net debt
for the six months ended 30 April 2021

	Six months ended 30 April 2021 (unaudited) £m	Six months ended 30 April 2020 (unaudited) £m	Year ended 31 October 2020 (audited) £m
Net increase/(decrease) in cash and cash equivalents (after exchange adjustments)	**18.6**	(18.6)	(13.6)
Increase in debt financing	**(11.6)**	(42.2)	(55.2)
Decrease/(Increase) in net debt	**7.0**	(60.8)	(68.8)
Net debt at start of period	**(512.1)**	(443.3)	(443.3)
Net debt at end of period	**(505.1)**	(504.1)	(512.1)

Notes to the interim report for the six months ended 30 April 2021

1 General information

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

The Company is listed on the London Stock Exchange.

This interim report was approved for issue on 17 June 2021.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The full accounts of Safestore Holdings plc for the year ended 31 October 2020, which received an unqualified report from the auditors, and did not contain a statement under S.498(2) or (3) of the Companies Act 2006, were filed with the Registrar of Companies on 21 March 2021.

This condensed consolidated interim financial information for 30 April 2021 and 30 April 2020 is unaudited. The interim financial information for 30 April 2021 has been reviewed by the auditors and their Independent Review report is included within this financial information.

2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 April 2021 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (previously the Financial Services Authority) and with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union.

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

In assessing the Group's going concern position as at 30 April 2021, the Directors have considered a number of factors, including the current balance sheet position, the principal and emerging risks which could impact the performance of the Group and the Group's strategic and financial plan. Consideration has been given to compliance with borrowing covenants along with the uncertainty inherent in future financial forecasts. The Directors considered the most recent five-year forecast recently approved by the Board. In the context of the current environment, five plausible scenarios were applied to the plan, including a stress test scenario. These were based on the potential financial impact of the Group's principal risks and uncertainties and the specific risks associated with the Covid-19 pandemic. These scenarios are differentiated by the impact of lockdowns, demand levels post lockdowns and the level of cost savings. A stress test scenario was also performed where we have carried out a reverse stress test to model what would be required to breach ICR and LTV covenants which indicated highly improbable changes would be needed before any issues were to arise. The impact of these scenarios has been reviewed against the Group's projected cash flow position and financial covenants over a five-year period. Should any of these scenarios occur, clear mitigating actions are available to ensure that the Group remains liquid and financially viable. The financial position of the Group, including details of its financing and capital structure, is set out in the Financial Review section of this announcement. Further details of the Group's viability statement is included in page 34 Annual Report and Financial Statements for the year ended 31 October 2020.

The assessment concluded that, for the foreseeable future, the Group has sufficient capital to support its operations; has a funding and liquidity base which is strong, robust and well managed with substantial future capacity and has expectations that performance will continue to improve as the Group's strategy is executed.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 October 2020, which have been prepared in accordance with IFRS as adopted by the European Union.

2 Basis of preparation (continued)

Non-GAAP financial information

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

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

- Underlying EBITDA is an Alternative Performance Measure and is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, gain/loss on investment properties, depreciation and variable lease payments and the share of associate's depreciation, interest and tax. Management considers this presentation to be representative of the underlying performance of the business, as it removes the income statement impact of items not fully controllable by management, such as the revaluation of investment properties, and the impact of exceptional credits, costs and finance charges.

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

- Adjusted Diluted EPRA EPS is based on the European Public Real Estate Association's ("EPRA") definition of earnings and is defined as profit or loss for the period after tax but excluding corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts. The Company then makes further company specific adjustments for the impact of exceptional items, IFRS 2 share-based payment charges, and deferred tax charges. This adjusted earnings is divided by the diluted number of shares. The IFRS 2 cost is excluded as it is written back to distributable reserves and is a non-cash item (with the exception of the associated National Insurance element). Therefore neither the Company's ability to distribute nor pay dividends are impacted (with the exception of the associated National Insurance element). The financial statements disclose earnings both on a statutory, EPRA and Adjusted Diluted EPRA basis and will provide a full reconciliation of the differences in the financial year in which any LTIP awards may vest. A reconciliation of statutory basic earnings per share to Adjusted Diluted EPRA EPS can be found in note 11.

- EPRA basic net assets per share is an EPRA measure. EPRA basic NAV has been superseded and has transitioned to 3 new measures: EPRA NRV (net reinstatement value); EPRA NTA (net tangible assets) and EPRA NDV (net disposal value) for periods commencing 1 January 2020 or thereafter. Safestore considers EPRA NAV to remain the appropriate measure for the business at this point in time whilst the Group continues to interpret the impact of the new guidelines. However, of the new measures, EPRA NTA is considered to be most consistent with the nature of Group's business, with initial calculations indicating material consistency with EPRA basic NAV. Safestore will transition to the new EPRA best practice measures for the 2021 annual report and future reporting periods. The basis of calculation, including a reconciliation to reported net assets, is set out in note 15.

- Like-for-like figures are presented to aid in the comparability of the underlying business as they exclude the impact on results of purchased, sold, opened or closed stores.

- Constant exchange rate (CER) figures are provided in order to present results on a more comparable basis, removing foreign exchange movements.

3 Accounting policies

The condensed consolidated interim financial information has been prepared on the basis of the accounting policies expected to apply for the financial year to 31 October 2021 applicable to companies under IFRS. The only exception being the Group's fair value measurement of investment properties. As at the interim reporting date, 30 April 2021, a sample of the Group's largest properties, representing approximately 42% (30 April 2020: 53%) of the value of the Group's investment property portfolio at the preceding financial year end, has been valued by the Group's professionally qualified external valuers. In addition, at the same date, the Directors have prepared estimates of fair values for the remaining 58% (30 April 2020: 47%) of the Group's investment property portfolio, incorporating assumptions for estimated absorption, revenue growth and capitalisation rates to reflect current market conditions and trading. At the financial year end 100% of the Group's investment property portfolio is fair valued externally by the same valuers. The IFRS and IFRIC interpretations as adopted by the European Union that will be applicable at 31 October 2021, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial statements. Thus the accounting policies adopted in these interim financial statements may be subject to revision to reflect further IFRS and IFRIC interpretations and pronouncements issued between 17 June 2021 and publication of the annual IFRS financial statements for the year ending 31 October 2021.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed within the Group's accounting policies as disclosed in the IFRS financial statements for the year ended 31 October 2020. There have been no property acquisitions through the purchase of corporate vehicles in the period, so any judgement surrounding the accounting treatment between business combinations or an asset purchase was not applicable. There have been no other significant changes in accounting estimates in the period.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest financial statements. The nature of the Critical Judgements and Key Sources of Estimation Uncertainty applied in the condensed financial statements have remained consistent with those applied in the Group's latest annual audited financial statements, except where as described above.

4 Revenue

	Six months ended 30 April 2021 (unaudited) £m	Six months ended 30 April 2020 (unaudited) £m	Year ended 31 October 2020 (audited) £m
Self storage income	**72.7**	65.3	134.0
Insurance income	**10.5**	9.5	19.4
Other non-storage income	**4.9**	4.5	8.9
Total revenue	**88.1**	79.3	162.3

Notes to the interim report for the six months ended 30 April 2021 (continued)

5 Segmental information

The segmental information for the six months ended 30 April 2021 is as follows:

	United Kingdom £m	Paris £m	Spain £m	Total £m
Continuing operations				
Revenue	67.2	19.5	1.4	**88.1**
Underlying EBITDA	40.1	13.5	0.8	**54.4**
Exceptional items and corporate transaction costs	-	(1.9)	-	**(1.9)**
Share-based payments	(5.3)	(0.6)	-	**(5.9)**
Depreciation and variable lease payments	(0.7)	(0.1)	-	**(0.8)**
Share of associate's depreciation, interest and tax	(0.3)	-	-	**(0.3)**
Operating profit before gain on investment properties	33.8	10.9	0.8	**45.5**
Gain on investment properties	105.8	21.5	0.4	**127.7**
Operating profit	139.6	32.4	1.2	**173.2**
Net finance expense	(5.0)	(0.9)	-	**(5.9)**
Profit before tax	134.6	31.5	1.2	**167.3**
Total assets	1,394.9	441.4	21.1	**1,857.4**

The segmental information for the six months ended 30 April 2020 is as follows:

	United Kingdom £m	Paris £m	Spain £m	Total £m
Continuing operations				
Revenue	59.8	18.7	0.8	79.3
Underlying EBITDA	33.3	12.1	0.5	45.9
Exceptional items and corporate transaction costs	(0.4)	-	-	(0.4)
Share-based payments	(2.5)	(0.3)	-	(2.8)
Depreciation and variable lease payments	(0.5)	(0.1)	-	(0.6)
Share of associate's depreciation, interest and tax	(0.3)	-	-	(0.3)
Operating profit before gain on investment properties	29.6	11.7	0.5	41.8
Gain on investment properties	39.6	27.2	(2.8)	64.0
Operating profit/(loss)	69.2	38.9	(2.3)	105.8
Net finance expense	(5.1)	(1.0)	-	(6.1)
Profit/(loss) before tax	64.1	37.9	(2.3)	99.7
Total assets	1,176.9	400.6	21.6	1,599.1

Underlying EBITDA is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, gain/loss on investment properties, depreciation and variable lease payments and the share of associate's depreciation, interest and tax.

Notes to the interim report for the six months ended 30 April 2021 (continued)

6 Exceptional items

	Six months ended 30 April 2021 (unaudited)	Six months ended 30 April 2020 (unaudited)	Year ended 31 October 2020 (audited)
	£m	£m	£m
Costs relating to corporate transactions and exceptional property taxation	**(1.9)**	(0.4)	(0.3)
Other exceptional items	**-**	-	0.1
Net exceptional cost	**(1.9)**	(0.4)	(0.2)

Costs relating to corporate transactions and exceptional property taxation of £1.9m (30 April 2020: £0.4m) was incurred in the period, in relation to a provision for potential liabilities in respect of the French commercial tax audit of financial years 2012 to 2020 as described further in note 22 (30 April 2020: costs in relation to acquisition transactions).

7 Finance income and costs

	Six months ended 30 April 2021 (unaudited)	Six months ended 30 April 2020 (unaudited)	Year ended 31 October 2020 (audited)
	£m	£m	£m
Finance income			
Interest receivable from loan to associates	**0.1**	-	0.1
Financial instruments income	**0.1**	-	0.2
Underlying finance income	**0.2**	-	0.3
Fair value movement on derivatives	**-**	1.6	-
Net exchange gains	**-**	-	0.2
Total finance income	**0.2**	1.6	0.5
Finance costs			
Interest payable on bank loans and overdrafts	**(4.8)**	(4.7)	(9.1)
Amortisation of debt issuance costs on bank loans	**(0.2)**	(0.2)	(0.3)
Underlying finance charges	**(5.0)**	(4.9)	(9.4)
Interest on obligations under lease liabilities	**(2.6)**	(2.8)	(5.6)
Fair value movement on derivatives	**1.6**	-	0.2
Net exchange losses	**(0.1)**	-	-
Total finance costs	**(6.1)**	(7.7)	(14.8)
Net finance costs	**(5.9)**	(6.1)	(14.3)

Included within interest payable of £4.8m (30 April 2020: £4.7m) is £0.3m (30 April 2020: £nil) of interest relating to derivative financial instruments that are economically hedging the Group's borrowings. The change in fair value of derivatives for the period is a net gain of £1.6m (30 April 2020: net gain of £1.6m). Included within finance income is £0.1m (30 April 2020: £nil) in relation to the £0.3m received on settlement of the €7.0m average rate forward contract acquired in March 2020 and settled in April 2021 less the disposal of the fair value of this derivative asset of £0.2m held on balance sheet prior to settlement.

Notes to the interim report for the six months ended 30 April 2021 (continued)

8 Income tax charge

	Six months ended 30 April 2021 (unaudited) £m	Six months ended 30 April 2020 (unaudited) £m	Year ended 31 October 2020 (audited) £m
Current tax – current year	**(2.8)**	(2.5)	(5.2)
Current tax – prior year	**0.5**	-	2.4
Deferred tax	**(6.7)**	(7.7)	(17.1)
	(9.0)	(10.2)	(19.9)

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

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

The main rate of corporation tax in the UK is 19%. Accordingly, the Group's results for this accounting period are taxed at an effective rate of 19.0% (30 April 2020: 19.0%). Following the Finance Bill 2021, the main rate of corporation tax will increase from 19% to 25% from 1 April 2023. There will be no deferred taxation impact in respect of this change in taxation rates if it is re-introduced.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

An exceptional prior year current tax credit of £0.5m arose during the period in relation to a provision for potential liabilities in respect of the French commercial property tax audit in respect of financial years 2012 to 2020 (note 22).

9 Deferred income tax

	As at 30 April 2021 (unaudited) £m	As at 30 April 2020 (unaudited) £m	As at 31 October 2020 (audited) £m
The amounts provided in the accounts are:			
Revaluation of investment properties and tax depreciation	**88.5**	73.0	84.8
Other timing differences	**0.2**	0.2	0.2
Deferred tax liabilities	**88.7**	73.2	85.0
Interest rate swap instruments	**0.1**	0.1	0.1
Other timing differences	**0.1**	0.1	0.1
Deferred tax assets	**0.2**	0.2	0.2
Net deferred tax liability	**88.5**	73.0	84.8

As at 30 April 2021, the Group had income losses of £22.7m (30 April 2020: £26.4m) and capital losses of £36.4m (30 April 2020: £36.4m) in respect of its UK operations. All losses can be carried forward indefinitely. No deferred tax asset has been recognised in respect of these losses.

Notes to the interim report for the six months ended 30 April 2021 (continued)

10 Dividends

	Six months ended 30 April 2021 (unaudited) £m	Six months ended 30 April 2020 (unaudited) £m	Year ended 31 October 2020 (audited) £m
For the year ended 31 October 2019:			
Final dividend – paid 9 April 2020 (12.00p per share)	**-**	25.3	25.3
For the year ended 31 October 2020:			
Interim dividend – paid 14 August 2020 (5.9p per share)	**-**	-	12.4
Final dividend – paid 9 April 2021 (12.70p per share)	**26.8**	-	-
Dividends in the statement of changes in equity	**26.8**	25.3	37.7
Timing difference on payment of withholding tax	**(3.8)**	(3.5)	-
Dividends in the cash flow statement	**23.0**	21.8	37.7

An interim dividend of 7.5 pence per ordinary share (April 2020: 5.9 pence) has been declared. The ex-dividend date will be 8 July 2021 and the record date 9 July 2021, with an intended payment date of 13 August 2021.

It is intended that 100% (April 2020: 100%) of the interim dividend of 7.5 pence per ordinary share (April 2020: 5.9 pence) will be paid as a REIT Property Income Distribution ("PID") net of withholding tax where appropriate.

The interim dividend, amounting to £15.8m (April 2020: £12.4m), has not been included as a liability at 30 April 2021. It will be recognised in shareholders' equity in the year to 31 October 2021.

11 Earnings per ordinary share

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

	Six months ended 30 April 2021 (unaudited)			Six months ended 30 April 2020 (unaudited)			Year ended 31 October 2020 (audited)		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	**158.3**	**210.8**	**75.1**	89.5	210.4	42.5	178.0	210.4	84.6
Dilutive share options	**-**	**1.9**	**(0.7)**	-	0.8	(0.1)	-	1.4	(0.6)
Diluted	**158.3**	**212.7**	**74.4**	89.5	211.2	42.4	178.0	211.8	84.0

Notes to the interim report for the six months ended 30 April 2021 (continued)

11 Earnings per ordinary share (continued)

Adjusted earnings per share

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

	Six months ended 30 April 2021 (unaudited)			Six months ended 30 April 2020 (unaudited)			Year ended 31 October 2020 (audited)		
	Earnings/ (loss) £m	**Shares million**	**Pence per share**	Earnings/ (loss) £m	Shares million	Pence per share	Earnings/ (loss) £m	Shares million	Pence per share
Basic	**158.3**	**210.8**	**75.1**	89.5	210.4	42.5	178.0	210.4	84.6
Adjustments:									
Gain on investment properties	**(127.7)**	**-**	**(60.6)**	(64.0)	-	(30.4)	(126.5)	-	(60.1)
Exceptional items	**1.9**	**-**	**0.9**	0.4	-	0.2	0.2	-	0.1
Net exchange loss/(gain)	**0.1**	**-**	**-**	-	-	-	(0.2)	-	(0.1)
Gain in fair value of derivatives	**(1.6)**	**-**	**(0.8)**	(1.6)	-	(0.8)	(0.2)	-	(0.1)
Tax on adjustments	**5.8**	**-**	**2.8**	7.3	-	3.5	13.9	-	6.6
Adjusted	**36.8**	**210.8**	**17.4**	31.6	210.4	15.0	65.2	210.4	31.0
EPRA adjusted:									
Fair value re-measurement of lease liabilities add-back	**(3.6)**	**-**	**(1.7)**	(3.3)	-	(1.6)	(6.9)	-	(3.3)
Tax on lease liabilities add-back adjustment	**0.4**	**-**	**0.2**	0.4	-	0.2	0.8	-	0.4
Adjusted EPRA basic EPS	**33.6**	**210.8**	**15.9**	28.7	210.4	13.6	59.1	210.4	28.1
Share-based payment charge	**5.9**	**-**	**2.8**	2.8	-	1.3	6.5	-	3.1
Dilutive shares	**-**	**7.6**	**(0.6)**	-	6.8	(0.4)	-	6.8	(1.0)
Adjusted Diluted EPRA EPS	**39.5**	**218.4**	**18.1**	31.5	217.2	14.5	65.6	217.2	30.2

The definition of Adjusted Diluted EPRA EPS can be found in note 2 to the financial statements, being based on the EPRA definition of earnings with company adjustments for specific items such as tor the impact of exceptional items, IFRS 2 share-based payment charges, and deferred tax charges.

Gain on investment properties includes the fair value re-measurement of lease liabilities add-back of £3.6m (30 April 2020: £3.3m) and the related tax thereon of £0.4m (30 April 2020: £0.4m). As an industry standard measure, EPRA earnings is presented. EPRA earnings of £33.6m (30 April 2020: £28.7m) and EPRA earnings per share of 15.9 pence (30 April 2020: 13.6 pence) are calculated after further adjusting for these items.

12 Investment in associates

	As at 30 April 2021 (unaudited)	As at 30 April 2020 (unaudited)	As at 31 October 2020 (audited)
	£m	£m	£m
Investment in associates	**6.8**	2.8	5.3

CERF Storage JV B.V.

The Group has a 20% interest in CERF Storage JV B.V. ("CERF"), a company registered and operating in the Netherlands. CERF is accounted for using the equity method of accounting. CERF invests in carefully selected self storage opportunities in Europe. The Group will earn a fee for providing management services to CERF. This investment is considered immaterial relative to the Group's underlying operations.

The aggregate carrying value of the Group's interest in CERF was £8.1m (31 October 2020: £7.3m), made up of an investment, of £5.9m (31 October 2020: £5.3m), a loan to the associate including interest accrued of £2.1m (31 October 2020: £1.9m) and other current receivables of £0.1m (31 October 2020: £0.1m) (note 21). The Group's share of profits from continuing operations for the period was £nil (30 April 2020: £nil). The Group's share of total comprehensive income of associates for the period was £nil (30 April 2020: £nil).

PBC Les Groues SAS

During the period the Group acquired a 24.9% interest in PBC Les Groues SAS ("PBC"), a company registered and operating in France. PBC is accounted for using the equity method of accounting. PBC is the parent company of Nanterre FOCD 92, a company also registered and operating in France, which will be developing a new store as part of a wider development programme located in Paris. The development project will be managed by its joint venture partners, therefore the Group will have no operational liability during this phase. During the period the Group have invested £0.9m (€1.0m) into this investment. The investment is considered immaterial relative to the Group's underlying operations.

The aggregate carrying value of the Group's interest in PBC was £0.9m (31 October 2020: £nil), made up of an investment of £0.9m (31 October 2020: £nil). The Group's share of profits from continuing operations for the period was £nil. The Group's share of total comprehensive income of associates for the period was £nil.

Notes to the interim report for the six months ended 30 April 2021 (continued)

13 Property portfolio

	Fair value of investment properties, net of lease liabilities	Add-back of lease liabilities	Investment properties under construction	Total investment properties
	£m	£m	£m	£m
At 1 November 2020	1,557.5	76.9	14.0	1,648.4
Additions	7.4	3.7	6.5	17.6
Reclassification	3.7	-	(3.7)	-
Revaluation movement	129.8	-	1.5	131.3
Fair value re-measurement of lease liabilities add-back	-	(3.6)	-	(3.6)
Exchange movements	(14.6)	(0.8)	(0.1)	(15.5)
At 30 April 2021	**1,683.8**	**76.2**	**18.2**	**1,778.2**

	Fair value of investment properties, net of lease liabilities	Add-back of lease liabilities	Investment properties under construction	Total investment properties
	£m	£m	£m	£m
At 1 November 2019	1,331.8	63.5	13.9	1,409.2
IFRS 16 day one transition adjustment	-	8.7	-	8.7
Additions	21.2	1.7	9.9	32.8
Acquisition of subsidiary	18.8	10.6	-	29.4
Reclassification	6.9	-	(6.9)	-
Revaluation movement	68.6	-	(1.3)	67.3
Fair value re-measurement of lease liabilities add-back	-	(3.3)	-	(3.3)
Exchange movements	3.9	0.4	-	4.3
At 30 April 2020	**1,451.2**	**81.6**	**15.6**	**1,548.4**

Gain on investment properties of £127.7m (30 April 2020: £64.0m) as disclosed in the consolidated income statement comprises a £131.3m (30 April 2020: £67.3m) revaluation gain on investment properties, net of lease liabilities and investment properties under construction less the fair value re-measurement of lease liabilities add-back of £3.6m (30 April 2020: £3.3m).

The Group has classified investment property and investment property under construction, held at fair value, within Level 3 of the fair value hierarchy. There were no transfers to or from Level 3 during the period. The fair valuation exercise undertaken at 30 April 2021 is explained in note 14.

The fair value of investment property held by the Group classified as the add-back of lease liabilities of £76.2m (30 April 2020: £81.6m) reflects expected cash flows (including rent reviews settled that are expected to become payable). Accordingly, if a valuation obtained for a property is net of all payments expected to be made, it will be necessary to add-back any recognised lease liability, to arrive at the carrying amount of the investment property using the fair value model under IAS 40. The lease liability of £76.4m (30 April 2020: £81.9m) differs by £0.2m (30 April 2020: £0.3m) which relates to the right-of-use asset classified as part of property, plant and equipment.

14 Valuations

External valuation

A sample of the Group's largest properties, representing approximately 42% of the value of the Group's investment property portfolio at 31 October 2020, has been valued by the Group's external valuers, C&W, as at 30 April 2021. The valuation has been carried out in accordance with the requirements of the RICS Valuation – Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS Valuation UK National Supplement (the "RICS Red Book") edition current at 30 April 2021. The valuation of each of the investment properties has been prepared on the basis of fair value as a fully equipped operational entity, having regard to trading potential. The valuation has been provided for accounts purposes and, as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, C&W has confirmed that:

- the member of the RICS who has been the signatory to the valuations provided to the Group for the same purposes as previous valuations, has done so since April 2020;
- C&W has been carrying out regular valuations for the same purpose as this valuation on behalf of the Group since October 2006;
- C&W does not provide other significant professional or agency services to the Group;
- The proportion of fees payable by the Group to C&W to the total fee income of C&W's last financial year to 31 December 2020, was less than 5%. We anticipate that the proportion of fees for the financial year to 31 December 2021 will remain at less than 5%; and
- the fee payable to C&W is a fixed amount per property and is not contingent on the appraised value.

Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from low liquidity in the market for self-storage property. C&W states that due to the lack of comparable market information in the self-storage sector, there is greater uncertainty attached to its opinion of value than would be anticipated during more active market conditions. That said, C&W report a significant increase in transactions since January 2020. As at the valuation date, they are aware of 21 transactions in the UK alone. This is unprecedented activity in the investment market and C&W state this provides them with a higher degree of certainty when providing valuation advice to clients.

Portfolio premium

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

Further details of the valuation carried out by C&W as at 31 October 2020, including the valuation method and assumptions, are set out in note 13 to the Group's annual report and financial statements for the year ended 31 October 2020. This note should be read in conjunction with note 13 of the Group's annual report.

Directors' valuation

In addition, at the same date, the Directors have prepared estimates of fair values for the remaining 58% of the Group's investment property portfolio, incorporating assumptions for estimated absorption, revenue growth and capitalisation rates to reflect current market conditions and trading.

14 Valuations (continued)

Assumptions

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

- Net operating income is based on projected revenue received less projected operating costs together with a central administration charge of 6% of the estimated annual revenue subject to a cap and collar. The initial net operating income is calculated by estimating the net operating income in the first twelve months following the valuation date.
- The net operating income in future years is calculated assuming either straight line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuations the assumed stabilised occupancy level for the trading stores (both freeholds and all leaseholds) open at 30 April 2021 averages 88.62% (31 October 2020: 87.09%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for stores to trade at their maturity levels is 24.76 months (31 October 2020: 23.79 months).
- The capitalisation rates applied to existing and future net cash flows have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as student housing and hotels, bank base rates, ten year money rates, inflation and the available evidence of transactions in the sector. The valuations included in the accounts assume rental growth in future periods. If an assumption of no rental growth is applied to the valuations, the net initial yield pre-administration expenses for the mature stores (i.e. excluding those stores categorised as "developing") is 6.59% (31 October 2020: 6.60%), rising to stabilised net yield pre-administration expenses of 7.12% (31 October 2020: 7.41%).
- The weighted average freehold exit yield on UK freeholds is 6.24% (31 October 2020: 6.40%), France freeholds is 6.00% (31 October 2020: 6.27%) and on Spain freeholds is 5.58% (31 October 2020: 5.62%). The weighted average freehold exit yield for all freeholds adopted 6.18% (31 October 2020: 6.37%).
- The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) in the UK portfolio is 9.27% (31 October 2020: 9.44%) in the France portfolio is 9.13% (31 October 2020: 9.51%) and in the Spain portfolio is 8.89% (31 October 2020: 8.85%). The weighted average annual discount rate adopted (for both freeholds and all leaseholds) is 9.22% (31 October 2020: 9.46%).
- Purchaser's costs in the range of approximately 3.3% to 6.8% for the UK, 7.5% for Paris and 2.5% for Spain have been assumed initially, reflecting the progressive SDLT rates brought into force in March 2016 in the UK, and sales plus purchaser's costs totalling approximately 5.3% to 8.8% (UK), 9.5% (Paris) and 4.5% (Spain) are assumed on the notional sales in the tenth year in relation to freehold and long leasehold stores.

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

14 Valuations (continued)

As a result of these exercises, as at 30 April 2021, the Group's investment property portfolio has been valued at £1,683.8m (30 April 2020: £1,451.2m), and a revaluation gain of £129.8m (30 April 2020: £68.6m) has been recognised in the income statement for the period.

A full external valuation of the Group's investment property portfolio will be performed at 31 October 2021.

Sensitivity analysis

As part of the Directors valuation, a key sensitivity analysis was performed to understand the impact on the entire property portfolio in relation to capitalisation yields, stable occupancy rates, and a delay in the time to stabilised occupancy. The impact on the valuation would be mitigated by the inter-relationship between inputs moving in opposite directions. For example, an increase in stable occupancy may be offset by an increase yield, resulting in no net impact on the valuation. A sensitivity analysis showing the impact on valuations of changes in capitalisation rates and stable occupancy is shown below:

	Impact of change in capitalisation rates £'m		Impact of a change in stabilised occupancy assumption £'m		Impact of a delay in stabilised occupancy assumption £'m
	25 bps decrease	25 bps increase	1% increase	1% decrease	24-month delay
Reported Group	34.5	(31.7)	26.7	(26.7)	(16.9)

15 Net assets per share

Analysis of net asset value	**As at 30 April 2021 (unaudited) £m**	As at 30 April 2020 (unaudited) £m	As at 31 October 2020 (audited) £m
Net assets	**1,166.7**	953.6	1,035.6
Adjustments to exclude:			
Fair value of derivative financial instruments (net of deferred tax)	**(1.0)**	(1.1)	0.4
Deferred tax liabilities on the revaluation of investment properties	**88.5**	73.0	84.8
EPRA net asset value[13]	**1,254.2**	1,025.5	1,120.8
Basic net assets per share (pence)	**554**	453	492
EPRA basic net assets per share (pence)	**596**	487	532
Diluted net assets per share (pence)	**549**	451	489
EPRA diluted net assets per share (pence)	**590**	485	529
	Number	Number	Number
Shares in issue	**210,607,948**	210,406,518	210,578,509

Basic net assets per share is shareholders' funds divided by the number of shares at the period end. The number of shares in issue at the period end excludes 3,259 shares (30 April 2020: 32,698 shares) held by the Safestore Employee Benefit Trust. Diluted net assets per share is shareholders' funds divided by the number of shares at the period end, adjusted for dilutive share options of 1,851,676 shares (30 April 2020: 838,619 shares).

16 Borrowings

The tables below set out the Group's borrowings position as at 30 April 2021:

Non-current	**As at 30 April 2021 (unaudited) £m**	As at 30 April 2020 (unaudited) £m	As at 31 October 2020 (audited) £m
Borrowings:			
Secured - bank loans	**183.1**	153.1	165.0
Secured - US Private placement notes	**285.1**	285.2	291.0
Debt issue costs	**(1.3)**	(1.5)	(1.5)
	466.9	436.8	454.5

The Group's borrowings consist of bank facilities of £250m and €70m maturing in June 2023. US Private Placement Notes of €195m have maturities extending to 2024, 2026 and 2027, and £115.5m have maturities extending to 2026 and 2029.

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

Borrowings are stated before unamortised issue costs of £1.3m (30 April 2020: £1.5m). The bank loans and private placement notes were repayable as follows:

	As at 30 April 2021 (unaudited) £m	As at 30 April 2020 (unaudited) £m	As at 31 October 2020 (audited) £m
Between two and five years	**227.4**	197.4	210.8
After more than five years	**240.8**	240.9	245.2
Borrowings	**468.2**	438.3	456.0
Unamortised issue costs	**(1.3)**	(1.5)	(1.5)
	466.9	436.8	454.5

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

	As at 30 April 2021 (unaudited)	As at 30 April 2020 (unaudited)	As at 31 October 2020 (audited)
Bank loans (Sterling)	**Quarterly or monthly LIBOR plus 1.25%**	Quarterly or monthly LIBOR plus 1.25%	Quarterly or monthly LIBOR plus 1.25%
Bank loans (Euro)	**Quarterly EURIBOR plus 1.25%**	Quarterly EURIBOR plus 1.25%	Quarterly EURIBOR plus 1.25%
Private placement notes (Euro)	**Weighted average rate of 1.63%**	Weighted average rate of 1.63%	Weighted average rate of 1.63%
Private placement notes (Sterling)	**2.76%**	2.76%	2.76%

16 Borrowings (continued)

Borrowing facilities

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

	Floating rate		
	As at 30 April 2021 (unaudited)	As at 30 April 2020 (unaudited)	As at 31 October 2020 (audited)
	£m	£m	£m
Expiring beyond one year	**127.8**	157.8	179.7

17 Financial instruments

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

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

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

	As at 30 April 2021	As at 30 April 2020	As at 31 October 2020
	(unaudited)	(unaudited)	(audited)
Assets per the balance sheet	**£m**	£m	£m
Derivative financial instruments – Level 2	**1.7**	2.2	0.9
Amounts due from associates – Level 2	**2.2**	1.8	2.0

	As at 30 April 2021	As at 30 April 2020	As at 31 October 2020
	(unaudited)	(unaudited)	(audited)
Liabilities per the balance sheet	**£m**	£m	£m
Derivative financial instruments – Level 2	**0.8**	1.2	1.4

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

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

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

18 Share capital

	As at 30 April 2021 (unaudited)	As at 30 April 2020 (unaudited)	As at 31 October 2020 (audited)
Called up, issued and fully paid	**£m**	£m	£m
210,816,276 (30 April 2020: 210,439,216) ordinary shares of 1p each	**2.1**	2.1	2.1

19 Capital commitments

The Group had capital commitments of £98.2m as at 30 April 2021 (30 April 2020: £30.1m).

20 Seasonality

Self-storage revenues are subject to seasonal fluctuations, with peak sales normally occurring in the second and third quarters of the calendar year. This is due to seasonal weather conditions and holiday periods leading to fluctuating demand for storage. For the six months ended April 2020, on a like-for-like basis adjusting for the impact of changes to the Group's store portfolio, the level of self-storage revenues represented 49.1% (30 April 2020: 48.3%) of the annual level of self-storage revenue in the year ended 31 October 2020.

21 Related party transactions

The Group's shares are widely held. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with CERF Storage JV B.V.

As described in note 12, the Group has a 20% interest in CERF Storage JV B.V. ("CERF"), and entered into transactions with CERF. During the period the Group recharged £0.1m to CERF for costs paid on behalf of CERF, and received £0.2m for recharges previously invoiced. Amounts due from CERF as at 30 April 2021 amounted to £1.8m (30 April 2020: £nil).

During the period the Group invested a further £0.8m into CERF which was used to acquire three additional stores for the portfolio in located in the Netherlands. £0.6m is included as part of its non-current investments in associates with the remaining £0.2m added to the existing loan note in place.

During the period the Group recharged £0.1m (30 April 2020: £0.1m) to CERF for costs paid on behalf of CERF and were repaid £0.1m (30 April 2020: £0.2m) of cumulative outstanding balances. £0.1m (30 April 2020: £nil) of unpaid interest was accrued and charged during the period on the €2.2m principal loan note outstanding, £2.1m (30 April 2020: £1.8m). The total amount outstanding at 30 April 2021 included within trade and other receivables was £2.3m (30 April 2020: £1.8m).

Transactions with PBC Les Groues SAS

As described in note 12, the Group has a 24.9% interest in PBC Les Groues SAS ("PBC"). During the period, the Group made an initial investment £0.9m (€1.0m) into PBC to fund the development of a new store in France. This amount is included as part of its non-current investments in associates.

22 Provisions

Following tax audits carried out on the Group's operations in Paris, the basis on which property taxes have been previously assessed was challenged by the French Tax Administration ("FTA") for financial years 2011 to 2013 and 2016 to 2020. Similar challenges from the FTA have also been made to other operators within the self-storage industry. In March 2021, following the latest phase of litigation, the French Court of Appeal delivered its judgement on the Group's appeal. The ruling represented a partial success for the Group however, a further appeal has been lodged with the French Supreme Court against those decisions on which the Group's appeal in the Court of Appeal was unsuccessful. A provision has been included in the consolidated financial accounts of £2.0m at 30 April 2021 (31 October 2020: £nil), to reflect the increased uncertainty surrounding the likelihood of a fully successful outcome. Of the total provided, £1.9m has been recorded as an exceptional charge in respect of financial years 2012 to 2020 and £0.1m has been charged in relation to 6 months to 30 April 2021 within cost of sales (underlying EBITDA).

It is possible that the French tax authority may still appeal the decisions of the French Court of Appeal on which the Group was successful to the French Supreme Court. Based on our analysis of the relevant information, the maximum potential exposure in relation to these issues at 30 April 2021 is £2.7m (31 October 2020: £4.2m). No provision for any potential exposure has been recorded in the consolidated financial statements since the Group believes it is more likely than not that a successful outcome will be achieved resulting in no eventual additional liabilities.

Bank guarantees to cover any potential additional tax assessment are currently being put in place, of which guarantees totalling £1.3m have been put in place as at 30 April 2021 (31 October 2020: £0.6m).

23 Contingent liabilities

As part of the Group banking facility, the Company has guaranteed the borrowings totalling £468.2m (30 April 2020: £438.3m) of fellow Group undertakings by way of a charge over all of its property and assets. There are similar cross guarantees provided by the Group companies in respect of any bank borrowings which the Company may draw under a Group facility agreement. The financial liability associated with this guarantee is considered unlikely to crystallise and therefore no provision has been recorded.

The Group also has a contingent liability in respect of property taxation in the French subsidiary as disclosed in note 22.

24 Post balance sheet events

On 7 May 2021, the Group extended its borrowing facilities with the issuance of new Sterling and Euro denominated US Private Placement Notes to a group of existing institutional investors with the following coupons and tenors:

- £20m seven year notes at a coupon of 1.96% due June 2028
- €29m seven year notes at a coupon of 0.93% due June 2028
- £80m ten year notes at a coupon of 2.39% due August 2031
- €29m twelve year notes at a coupon of 1.42% due August 2033

These funds will be received in June 2021 and August 2021 respectively.

In addition, an uncommitted €115m Shelf facility, which can be drawn in Euros or Sterling, was agreed on 7 May 2021 with one existing lender, giving the Group further financing flexibility. The facility would be drawn in the form of Private Placement Notes at a coupon to be agreed at the time of funding.

Notes to the interim report for the six months ended 30 April 2021 (continued)

Principal risks and uncertainties

The delivery of our strategic objectives is dependent on effective risk management. There are a number of potential risks and uncertainties which could have a material impact on the Group's performance and could cause actual results to differ materially from expected and historical results. Details of the principal risks facing the Group were included on pages 30 to 32 of the Annual Report and Financial Statements for the year ended 31 October 2020, a copy of which is available at www.safestore.com, and include:

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

The Company regularly assesses these risks together with the associated mitigating factors listed in the 2020 Annual Report. The levels of activity in the Group's markets and the level of financial liquidity and flexibility continue to be the areas designated as appropriate for added management focus.

The impact of the ongoing global pandemic, COVID-19, has had limited discernible impact on the Group's performance during the period. The Group continues to monitor the COVID-19 pandemic, taking prudent steps to mitigate any potential impacts to the health and safety of employees, customers and suppliers, and to the successful operation of our business. Potential risks to the business are seen as closure of stores due to limitations on the ability of employees to work on site, physical and mental health of employees as a result of home working, failure of IT systems and support in the face of significant levels of home working and reduced occupancy levels and customer financial hardship leading to reduced profitability and cash generation. These risks have been reviewed by the Risk Committee and actions agreed, following which management has taken action to address each of the risks, as well as ensuring that the Group's control environment is maintained, if not enhanced. We are confident that we have the necessary resources to meet even the most pessimistic of our forecasts.

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

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

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

Forward-looking statements

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

Statement of Directors' responsibilities for the six months ended 30 April 2021

The Directors confirm that, to the best of their knowledge, this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of Safestore Holdings plc are listed in the Safestore Holdings plc Annual Report for 31 October 2020. There have been no changes of director since the Annual Report. A list of current Directors is maintained on the Safestore Holdings plc website, www.safestore.com.

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

By order of the Board

Frederic Vecchioli
16 June 2021
Chief Executive Officer

Andrew Jones
16 June 2021
Chief Financial Officer

INDEPENDENT REVIEW REPORT TO SAFESTORE HOLDINGS PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30th April 2021 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the condensed consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 24. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30th April 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

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

Deloitte LLP
Statutory Auditor
London, United Kingdom
16 June 2021