



Safestore Holdings Plc

# Interim Report

For the six months ended 30 April 2007

**safestore**<sup>TM</sup>

**self storage**

# Financial highlights

## Revenue

**+14.9%**

Revenue up 14.9% to £34.6m, with ancillary revenue increased by 26% to £4.8 million



## EBITDA\*

**+25.4%**

Pre-exceptional EBITDA up 25.4% to £19.0 million



## Adjusted EPS

**+105.5%**

Up to 3.72p from 1.81p



## Adjusted NAV

**+54.8%**

Adjusted NAV per Share up 54.8% to 157.4p

\* EBITDA – Earnings before interest, taxation, depreciation and amortisation.

# Contents

<b>Interim Results Announcement</b>	4
<b>Chief Executive's Review</b>	5-8
<b>Consolidated income statement</b>	9
<b>Consolidated balance sheet</b>	10-11
<b>Consolidated statement of recognised income and expense</b>	11
<b>Consolidated cash flow statement</b>	12
<b>Reconciliation of net cash flow to movement in net debt</b>	13
<b>Notes to the interim report</b>	14-21
<b>Independent review report to Safestore Holdings plc</b>	22

# Interim Results Announcement

## for the six months ended 30 April 2007

Safestore Holdings plc, the largest self storage retailer in the UK and Paris, is pleased to report its interim results for the six months ended 30 April 2007. The Company was admitted to the London Stock Exchange on 9 March 2007.

### Highlights

	Six months ended 30 April 2007	Six months ended 30 April 2006	% increase
	£'000	£'000	
Revenue	<b>34,608</b>	30,123	<b>14.9%</b>
EBITDA* before exceptional items and gain on investment properties	<b>18,992</b>	15,141	<b>25.4%</b>
Profit after Tax ("Earnings")	<b>23,249</b>	416	
Adjusted Profit after Tax (note 8)	<b>6,568</b>	3,086	<b>112.8%</b>
Basic Earnings Per Share ("EPS") (note 8)	<b>13.18p</b>	0.24p	
Adjusted EPS (note 8)	<b>3.72p</b>	1.81p	<b>105.5%</b>
Net Asset Value ("NAV") per share	<b>103.1p</b>	53.1p	<b>94.2%</b>
Adjusted NAV ("NAV") per Share (note 11)	<b>157.4p</b>	101.7p	<b>54.8%</b>
Interim Dividend per share	<b>1.5p</b>		

\* EBITDA – Earnings before interest, taxation, depreciation and amortisation.

- Strong financial performance
  - Revenue up 14.9% to £34.6m, with ancillary revenue increased by 26% to £4.8 million
  - Pre-exceptional EBITDA up 25.4% to £19.0 million
  - Adjusted NAV per share up 54.8% to 157.4p
  - Maiden interim dividend of 1.5p per share
- Strong operational performance
  - Average rate per square foot ("sq ft") for the 6 month period ended 30 April 2007 increased by 8.0% to £20.95 (like-for-like increase of 8.3% to £21.14)
  - Closing occupancy for the 6 month period ended 30 April 2007 increased by 6.3% to 2.8 million sq ft (like-for-like increase of 4.2% to 2.7 million sq ft)
  - Successful completion of the re-branding of all Group stores under the name 'Safestore' in the UK and 'Une Piece en Plus' in France
- As at 30 April 2007, Safestore's property portfolio was valued at £498 million, an increase of 28.4%, or £110 million, since 30 April 2006 (an increase of 6.0%, or £28 million, since October 2006)
- Recently opened 100th store with additional 16 stores in the pipeline, 12 of which have planning permission
- Total Maximum Lettable Area ("MLA"), combined with the expansion stores will increase to 5.1 million sq ft
- Trading in H2 has begun positively with healthy increases in both occupancy and rates

### Safestore Chief Executive, Steve Williams, said:

"We are pleased to report continued progress which reflects the success of our customer led retail focus and the strength of our property asset base. As the market leader in the UK and Paris, we are well placed to benefit from the continued growth forecast for the sector. The Board remains confident of the outcome for the full year."

# Chief Executive's Review

## Introduction

We are very pleased to present Safestore's results for the six months ended 30 April 2007. The business has performed strongly, generating significant increases in revenue and earnings which reflects the Company's success in driving occupancy levels and increasing rental growth across the portfolio. We have today announced a maiden interim dividend and firmly believe the Company is in an ideal position to continue its established track record for growth.

Since the end of the period under review, we have opened our 100th store in Guildford and contracted a further six stores. We currently operate 100 stores (81 in the UK and 19 in France) with a self storage MLA of 4.1 million sq ft and an overall MLA of 4.3 million sq ft. A further 16 expansion stores (potential new stores on which contracts have been completed or exchanged), of which 12 have planning permission, will add around 770,000 sq ft by the end of 2008. As announced in the trading update released on 8 May 2007, we will also be delivering around 67,000 sq ft of additional MLA through store extensions and satellite stores.

The property portfolio includes a mix of freehold and leasehold sites appropriate to the specific markets in which we operate. This flexibility in our approach enables us to draw from a much wider selection of potential properties, a significant advantage given competition for new sites. The combination of a customer led retail focused business with a structured property asset base gives us confidence that we can maintain and grow our leading UK market position and expand our European portfolio both in terms of store numbers and operational efficiency.

## Financial Review

For the six months ended 30 April 2007, revenue grew strongly to £34.6 million (2006: £30.1 million), an increase of 14.9%. Going forward, we expect to gain more from the Company's unified branding which was only completed in 2006. On a like-for-like basis revenues grew by 13.7% to £34.0 million of which approximately 50% was attributed to rate improvement, 26% due to increases in occupancy with the balance stemming from increases in ancillary and other revenues.

Revenues for the period in the UK increased by 14.9% to £28.6 million (2006: £24.8 million), with revenues for the same period from France rising by 14.8% to £6.1 million (2006: £5.3 million).

Ancillary revenues derived from the sale of contents insurance, storage accessories and miscellaneous items equated to £4.8 million (2006: £3.8 million), equivalent to 16.8% of self storage revenues and representing a 26% increase over the corresponding period last year.

A positive market environment and continued focus on marketing initiatives saw occupancy increase during the period by 6.3% to approximately 2.8 million sq ft. Store occupancy increased by 4.2% to approximately 2.7 million sq ft on a like-for-like basis.

Average annual rate per sq ft increased by 8.0% to £20.95, whilst like-for-like rates increased by 8.3% to £21.14.

As a consequence of increased revenue combined with tight cost control the Company generated pre-exceptional EBITDA of £19.0 million, an increase of 25.4% (2006: £15.1 million). Pre-exceptional EBITDA margins also improved to 54.9% from 50.3%.

Exceptional costs for the period ended 30 April 2007 of circa £2.4 million includes approximately £2.0 million of IPO fees with the balance comprising pension scheme and group restructuring costs. It should be noted that, in addition to the exceptional charge, around £5.3 million of IPO fees have been written off against share premium in the period. The exceptional costs of £3.6 million in the comparative period last year related entirely to IFRS 2 shares issuance costs.

Profit after tax was £23.2 million compared to £0.4 million in the comparative period last year. After adjusting for the gain on the revaluation of property portfolio, exceptional items, goodwill and the associated tax charges, the Company made an adjusted profit before tax in the period of £6.6 million compared to £3.1 million for the same period last year.

Basic and adjusted EPS were 13.18p and 3.72p respectively for the period ended 30 April 2007 (2006: 0.24p and 1.81p respectively).

As at 30 April 2007, the Group's net borrowings totalled £215 million. At this date approximately 82% of the net debt was covered by an interest rate swap at approximately 5.24%, which protects the Group from the effects of further interest rate rises. The swap exists for a period up until June 2011 in line with the existing facilities. As part of the IPO, the Company raised net proceeds of £29.7 million, which together with current banking facilities provides the necessary funding to meet the costs associated with the Company's present expansion plans and development pipeline.

# Chief Executive's Review

continued

## Retail Store Portfolio

Safestore has the largest number of stores in the UK and central Paris. At the end of the half year, we had 80 stores tactically grouped across the UK (61% freehold / long leasehold and 39% short leasehold). In France, we have 19 stores (21% freehold, 79% short leasehold) which are well located in and around the central Paris area. Our strategy remains to "cluster" stores in specific geographic locations ensuring that they are located in tight formations, facilitating management efficiency and accelerating local awareness. London and Paris represent the best examples of this approach, creating market leading positions in both centres.

Store Location	No of Stores	Occupancy of MLA	Average Rate per Sq Ft
		%	£
London	35	75.1%	26.00
Rest of UK	45	61.4%	17.32
Paris	19	71.9%	20.54
<b>Group</b>	<b>99</b>	<b>67.6%</b>	<b>20.95</b>

Safestore's strategy is to maintain a balanced property portfolio including a mix of freehold and leasehold sites appropriate to the specific markets in which we operate. One of our key objectives is to secure new stores in locations that we believe will enable us to drive earnings and generate value. The flexibility in our approach is a significant advantage given competition for new sites and underpins our confidence in maintaining our leading UK market position and expanding our European portfolio.

Leasehold sites offer highly attractive return on capital, EBITDA and cash flow. Safestore also has an excellent track record of achieving lease extensions and converting leaseholds to freeholds and these significant factors are not reflected in the property valuation.

We believe as familiarity with European self storage increases, yields will

continue to compress and move closer to those prevailing in more mature markets rather than being connected to the commercial property market.

If, as we believe, commercial property yields continue to rise, additional development sites are likely to become available and we will continue to apply our proven ability to drive occupancy levels and rental growth. This is evident in the results to 30 April 2007 and in the trading since the period end.

At the period end, the Group's portfolio of 99 stores comprised a self storage MLA of 4.1 million sq ft with 3.75 million sq ft currently built out. In the period under review, we successfully added a further 112,000 sq ft of self storage space through the opening of a new facility in Slough, a satellite store in Burnley and extending the Staples Corner store. Initial trading within these new stores has been encouraging.

## Retail Store Expansion programme

We are confident of meeting our stated target of expanding our store portfolio by 7-10 stores each year. At any one time the Company typically has between 30-40 stores at various stages of negotiation within which there is a pipeline of 'expansion stores' on which contracts have been completed or exchanged. We currently have 16 expansion stores in the UK and France, 12 of which have planning permission, all of which are due to open by the end of 2008, adding approximately a further 770,000 sq ft of self storage space.

We have an established track record in sourcing and securing suitable sites. Where planning consent does not exist, our professionals are experienced in working alongside local authorities to gain the necessary approvals. Our model of progressing sites from planning to development through to trading ensures that we have an achievable and realistic pipeline of expansion stores which allows us to maintain our competitive edge as a leading self storage provider in the UK and Paris.

In addition, we are adding highly experienced individuals to both our UK and European property teams which will further enhance our ability to source excellent locations. Our primary focus is on opening new stores within our current markets, but we will also continue to evaluate opportunities to acquire self storage businesses in these markets and certain other markets within Europe.

# Chief Executive's Review

## continued

### Retail Strategy

The strength of our property portfolio enables our management team to operate as an asset backed business with a strong customer led retail focus. This approach has been instrumental in delivering the 8.0% increase in average annual rate per sq ft for the period under review.

Our customer led retail focus is embedded within all areas of the business from site selection and design through to the management of our stores. Retail techniques have further informed our marketing – Safestore was the first self storage company to offer 'The Lowest Price Guarantee' together with other innovative special promotions. Supporting this activity, in 2002 the Company set the benchmark within the industry by introducing an IT system that allowed for the exchange of real time information. These IT facilities have been constantly upgraded to remain state of the art and capable of meeting the evolving needs of the business.

We have recently completed the re-branding of all Group stores under the name of 'Safestore' in the UK and 'Une Piece en Plus' in France. We believe the effect of this unified national brand presence is ongoing and combined with our marketing programmes across all media will result in increasing brand awareness reflecting the Group's market leading positions.

A further growing segment of our business is our ability to provide a nationwide service for business customers using storage facilities at multiple sites, who benefit from one relationship manager and a centralised billing system.

### Property Portfolio Valuation

The Company's property portfolio has been valued by Cushman and Wakefield ("C&W"). As at 30 April 2007, the total value of the Company's property portfolio was £498 million, up £110 million (28.4%) from £388 million at 30 April 2006. £94 million of the overall uplift is derived from the like for like store portfolio from which we estimate that £59 million (53.6% of the overall uplift) stems from operational performance such as increased occupancy and higher achievable rents and £35 million (31.8% of the overall uplift) is attributable to yield shift. The remaining approximately £16 million (14.6%) of the overall valuation uplift is attributable to the impact of new stores opened in the period.

Location	Tenure	MLA	Valuation	Uplift
		(including Offices)	(30 April 2007)	
		Sq Ft '000	£ million	£ million
UK	Freehold & Long Leasehold	2,260	372	78
	Short leasehold	1,248	76	21
France	Freehold & Long Leasehold	178	21	4
	Short leasehold	644	29	7
<b>Total</b>		<b>4,330</b>	<b>498</b>	<b>110</b>

At the half year end, the Group's property portfolio comprised 99 trading stores; the freehold/long leasehold properties were valued at just over £393 million and the short leasehold were valued at just under £105 million. Freehold/long leasehold stores account for 79% of the most recent valuation with the remaining 21% being attributable to the short leasehold portfolio.

The Group's current pipeline of 16 expansion stores is currently held at cost, amounting to just over £21 million.

Since April 2006 the Group has acquired the freeholds of Bury and Oldham and extended the lease at Stoke Newington. The valuations of these three stores have increased by £7.3 million against the associated cost of restructuring these assets of £3.6 million.

The effect of the valuation has led to an adjusted NAV per share of 157.4p, representing an increase of 54.7% from 101.7p per share as at 30 April 2006, and an increase of 13.1% from 139.2p as at 31 October 2006.

Self storage is a relatively new asset class in the UK and this is reflected in the level of our property valuations. We believe that over time familiarity with the assets and their performance will increase and result in a re-rating of the yields applied to self storage businesses closer to those prevailing in more mature markets or alternative uses. This, together with our proven ability to drive occupancy levels and rental growth, provides investors in the self storage sector with a combination of growth dynamics which should continue to deliver attractive returns.

# Chief Executive's Review

## continued

### Dividend

As set out at the time of the IPO, it is the Board's intention to adopt a progressive dividend policy.

The Company expects to pay interim and full year dividends based on a ratio of approximately one third and two thirds, respectively, of the total annual dividend.

The Board is therefore pleased to announce a maiden interim dividend of 1.5p per share. The dividend will be paid on 10 August 2007 to shareholders who are on the Company's Register at the close of business on 20 July 2007. The ex-dividend date will be 18 July 2007.

### REIT's

As set out at the time of the IPO, Safestore currently has the benefit of significant tax losses and capital allowances, particularly in France. This has the effect of minimising potential future tax payments as a non REIT company. However, the Board of Safestore is giving full consideration to converting to REIT status for our UK business, but will proceed only when it is satisfied that it does not detract from our ability to grow the business.

### Outlook

Self storage is still an immature market which is growing rapidly, driven by a mix of socio-economic factors.

These include workforce mobility, an ageing population, higher divorce rates, housing stock pressure and changing lifestyle trends, which all contribute to a lack of space for individuals and businesses to store goods. While the individual effect of these factors on the self storage market may alter from year to year, we are confident that overall demand will continue to support our growth strategy.

We believe we are in a strong position to continue to acquire new stores. If commercial property yields rise, additional development sites are likely to be brought to the market providing more opportunities to acquire high quality property assets. By contrast, we believe that self storage yields will be relatively strong, underpinned by the strong growth in the cash flow in the sector.

In spite of rising interest rates, trading in the second half of the year has begun positively and we have continued to see increases in both occupancy rates and rates per square foot.

The Board remains confident of the outcome for the full year.

**S W Williams**  
**10 July 2007**



# Consolidated income statement

for the six months ended 30 April 2007

	Note	Six months ended 30 April 2007 £'000	Six months ended 30 April 2006 £'000	Year ended 31 October 2006 £'000
<b>Revenue</b>	2	<b>34,608</b>	30,123	64,313
Cost of sales		<b>(13,255)</b>	(12,154)	(21,853)
<b>Gross profit</b>		<b>21,353</b>	17,969	42,460
Administrative expenses		<b>(4,780)</b>	(7,224)	(16,112)
<b>EBITDA before exceptional items and gain on investment properties</b>		<b>18,992</b>	15,141	33,452
Depreciation		<b>(55)</b>	(40)	(103)
Exceptional items	7	<b>(2,364)</b>	(3,600)	(6,245)
Goodwill impairment		-	(756)	(756)
<b>Operating profit before gain on investment properties</b>		<b>16,573</b>	10,745	26,348
Gain on the revaluation of investment properties		<b>17,315</b>	868	63,631
<b>Operating profit</b>		<b>33,888</b>	11,613	89,979
Finance income		<b>684</b>	138	572
Finance expense	3	<b>(10,347)</b>	(10,802)	(29,565)
<b>Profit before taxation</b>		<b>24,225</b>	949	60,986
Income tax expense	4	<b>(976)</b>	(533)	(15,849)
<b>Profit for the period (attributable to equity shareholders)</b>		<b>23,249</b>	416	45,137
<b>Basic and diluted earnings per share</b>	8	<b>13.18p</b>	0.24p	26.31p

All items in the income statement relate to continuing operations.

A maiden dividend of 1.5 pence per ordinary share has been proposed for the period ended 30th April 2007.

# Consolidated balance sheet

as at 30 April 2007

	Note	30 April 2007 £'000	30 April 2006 £'000	31 October 2006 £'000
<b>Non-current assets</b>				
Investment property	9	554,130	440,289	519,291
Development property	9	21,025	12,564	7,921
Plant, equipment and owner-occupied property		1,462	1,501	1,408
Deferred tax asset	5	8,028	7,017	9,633
		<b>584,645</b>	461,371	538,253
Non-current assets classified as held for sale		-	691	670
<b>Current assets</b>				
Inventories		176	154	172
Trade and other receivables		14,332	14,092	10,421
Other financial assets		11,209	7,756	8,397
Derivative financial instruments		3,300	-	-
Cash and cash equivalents		21,954	8,928	9,478
		<b>50,971</b>	30,930	28,468
<b>Total assets</b>		<b>635,616</b>	492,992	567,391
<b>Current liabilities</b>				
Financial liabilities				
- borrowings		(5,348)	(6,648)	(5,947)
- derivative financial instruments		-	-	(203)
Trade and other payables		(42,798)	(47,179)	(36,673)
Obligations under finance leases		(7,863)	(8,344)	(7,719)
Provisions		-	-	(5)
		<b>(56,009)</b>	(62,171)	(50,547)
<b>Non-current liabilities</b>				
Bank borrowings		(234,083)	(211,649)	(234,586)
Trade and other payables		(1,605)	(1,900)	(1,822)
Deferred tax liabilities	5	(102,453)	(82,938)	(101,614)
Obligations under finance leases		(48,321)	(44,025)	(41,882)
Provisions		(175)	(204)	(175)
Pension liability		-	(195)	(247)
		<b>(386,637)</b>	(340,911)	(380,326)
<b>Total liabilities</b>		<b>(442,646)</b>	(403,082)	(430,873)
<b>Net assets</b>		<b>192,970</b>	89,910	136,518

# Consolidated balance sheet

as at 30 April 2007 (continued)

	Note	30 April 2007 £'000	30 April 2006 £'000	31 October 2006 £'000
<b>Equity</b>				
Called up share capital	13	1,871	4	4
Share premium account	12	28,903	341	368
Reserves	12	162,196	89,565	136,146
<b>Equity shareholders' funds</b>	14	<b>192,970</b>	89,910	136,518

# Consolidated statement of recognised income and expense

for the six months ended 30 April 2007

	Six months ended 30 April 2007 £'000	Six months ended 30 April 2006 £'000	Year ended 31 October 2006 £'000
Profit for the financial period/year	23,249	416	45,137
Net exchange adjustment offset in reserves net of tax	445	(187)	(368)
Cash flow hedge: net fair value gains net of tax	2,430	-	-
Movement on deferred tax relating to pension deficit	(74)	-	(8)
Actuarial gain recognised in the pension scheme	-	-	3
<b>Total recognised income in period/year</b>	<b>26,050</b>	229	44,764

# Consolidated cash flow statement

## for the six months ended 30 April 2007

	Six months ended 30 April 2007	Six months ended 30 April 2006	Year ended 31 October 2006
	£'000	£'000	£'000
Profit before income tax	24,225	949	60,986
Gain on the revaluation of investment properties	(17,315)	(868)	(63,631)
Depreciation	55	40	103
Goodwill impairment	-	756	756
Finance income	(684)	(138)	(572)
Finance expense	10,347	10,802	29,565
Increase in inventories	(4)	(17)	(35)
(Decrease)/increase in receivables	(3,248)	(2,503)	702
Increase in payables	4,751	10,680	5,390
Decrease in provisions	(5)	(24)	(48)
Decrease in pension scheme liabilities	(321)	(65)	(124)
<b>Cash generated from operations</b>	<b>17,801</b>	19,612	33,092
Interest paid	(10,207)	(6,783)	(33,509)
Interest received	589	138	399
Tax paid	(22)	(21)	(17)
<b>Cash flows from operating activities</b>	<b>8,161</b>	12,946	(35)
<b>Investing activities</b>			
Acquisition of subsidiaries (net of cash acquired)	-	(1,622)	(4,111)
Expenditure on investment and development properties	(19,342)	(11,510)	(27,278)
Net proceeds from disposal of investment properties	-	-	6,492
Net proceeds from disposal of assets held for resale	-	5,070	5,070
Purchase of property, plant and equipment	(109)	(10)	(17)
Proceeds from sale of property, plant and equipment	-	-	40
Purchase of available for sale financial assets	(2,812)	(216)	(857)
<b>Cash flows from investing activities</b>	<b>(22,263)</b>	(8,288)	(20,661)
<b>Financing activities</b>			
Issue of share capital	29,736	47	75
Net proceeds from issue of new borrowings	9,146	-	237,000
Finance lease principal payments	(2,559)	(2,027)	(4,873)
Repayment of borrowings	(9,276)	(4,991)	(213,738)
<b>Cash flows from financing activities</b>	<b>27,047</b>	(6,971)	18,464
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12,945</b>	(2,313)	(2,232)
<b>Opening cash and cash equivalents</b>	<b>9,009</b>	11,241	11,241
<b>Closing cash and cash equivalents</b>	<b>21,954</b>	8,928	9,009

# Reconciliation of net cash flow to movement in net debt

for the six months ended 30 April 2007

	<b>Six months ended 30 April 2007</b>	Six months ended 30 April 2006	Year ended 31 October 2006
	<b>£'000</b>	£'000	£'000
Net increase/(decrease) in cash and cash equivalents in the period	<b>12,945</b>	(2,313)	(2,232)
Cash (outflow)/inflow from increase/(decrease) in debt financing	<b>(5,950)</b>	3,987	(14,346)
<b>Movement in net debt in the period</b>	<b>6,995</b>	1,674	(16,578)
Net debt at start of period	<b>(280,656)</b>	(264,078)	(264,078)
<b>Net debt at end of period</b>	<b>(273,661)</b>	(262,404)	(280,656)

# Notes to the interim report

## for the six months ended 30 April 2007

### 1 Accounting policies

#### Basis of preparation

The results for the half-year ended 30 April 2007 are unaudited and were approved by the Board on 9 July 2007. The financial information contained in this report does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The full accounts of Safetstore Holdings Limited (prior to re-registration) for the year ended 31 October 2006, which received an unqualified report from the auditors, and did not contain a statement under S.237(2) or (3) of the Companies Act 1985, have been filed with the Registrar of Companies.

These financial statements have been prepared on the basis of the accounting policies expected to apply for the financial year to 31 October 2007 applicable to companies under IFRS. The IFRS standards and IFRIC interpretations as adopted by the European Union that will be applicable at 31 October 2007, 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 standards, IFRIC interpretations and pronouncement issued between 10 July 2007 and publication of the annual IFRS financial statements for the year ending 31 October 2007. IAS 34 has not been adopted for the preparation of these interim statements.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity.

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 consolidated interim financial statements are disclosed within the Group's accounting policies as disclosed in the IFRS financial statements for the year ending 31 October 2007.

### 2 Segmental information

Revenue represents amounts derived from the provision of self storage accommodation and related services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax. The Group's net assets, revenue and profit before tax are attributable to one activity, the provision of self storage accommodation and related services. These all arise in the United Kingdom and France. The primary segment is based on geographic location and an analysis of revenues is shown below.

	<b>Six months ended 30 April 2007</b>	Six months ended 30 April 2006	Year ended 31 October 2006
	<b>£'000</b>	£'000	£'000
United Kingdom	<b>28,552</b>	24,848	52,932
France	<b>6,056</b>	5,275	11,381
	<b>34,608</b>	30,123	64,313

# Notes to the interim report

for the six months ended 30 April 2007 (continued)

## 3 Finance expense

	<b>Six months ended 30 April 2007</b>	Six months ended 30 April 2006	Year ended 31 October 2006
	<b>£'000</b>	£'000	£'000
Interest payable on bank loans and overdrafts	<b>(7,756)</b>	(3,782)	(10,852)
Amortisation of debt issue costs on bank loan	<b>(330)</b>	(540)	(1,105)
Interest payable on other loans	<b>(126)</b>	(4,281)	(8,951)
Interest payable on pension scheme	-	-	(9)
Interest on finance lease obligations	<b>(2,135)</b>	(2,199)	(3,947)
Change in fair value of interest rate swaps	-	-	(203)
Exceptional write off of debt issue costs on refinancing	-	-	(4,498)
<b>Finance costs</b>	<b>(10,347)</b>	<b>(10,802)</b>	<b>(29,565)</b>

## 4 Income tax expense

	<b>Six months ended 30 April 2007</b>	Six months ended 30 April 2006	Year ended 31 October 2006
	<b>£'000</b>	£'000	£'000
Current tax – UK corporation tax at 30%	<b>523</b>	(31)	(13)
Deferred tax	<b>(1,499)</b>	(502)	(15,836)
	<b>(976)</b>	(533)	(15,849)

# Notes to the interim report

for the six months ended 30 April 2007 (continued)

## 5 Deferred tax

	Six months ended 30 April 2007 £'000	Six months ended 30 April 2006 £'000	Year ended 31 October 2006 £'000
The amounts provided in the accounts are:			
Revaluation of investment properties and tax depreciation	101,508	82,938	101,614
Interest rate swap instrument	945	-	-
	102,453	82,938	101,614
Tax losses	(8,028)	(7,017)	(9,559)
Other	-	-	(74)
	94,425	75,921	91,981

Deferred tax assets/liabilities have been calculated using an effective rate of 28% (2006: 30%) which is the rate expected to be applied for the 2006/07 full year.

## 6 Dividends

An interim dividend of 1.5 pence per ordinary share has been declared. The ex-dividend date will be 18 July 2007 and the record date 20 July 2007, with an intended payment date of 10 August 2007. The interim dividend has not been included as a liability at 30 April 2007.

## 7 Exceptional items

Exceptional costs of £2,364,000 includes £2.0 million of professional fees as part of the IPO process which concluded in March 2007. Exceptional costs of £3,600,000 for the period ended 30 April 2006 resulted from an exceptional IFRS 2 charge in relation to shares issued to employees in November 2005 at below market value and related tax costs.



# Notes to the interim report

for the six months ended 30 April 2007 (continued)

## 8 Earnings per ordinary share

	Six months ended 30 April 2007			Six months ended 30 April 2006			Year ended 31 October 2006		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
<b>Basic and Diluted</b>	<b>23.25</b>	<b>176.37</b>	<b>13.18</b>	0.42	170.58	0.24	45.14	171.55	26.31
Adjustments:									
Gain on investment properties	(17.31)		(9.81)	(0.87)		(0.51)	(63.63)		(37.09)
Exceptional items	2.36		1.33	3.60		2.11	6.25		3.64
Goodwill	-		-	0.76		0.45	0.76		0.44
Exceptional finance costs	-		-	-		-	4.50		2.62
Tax rate change	(6.58)		(3.73)	-		-	-		-
Tax on adjustments	4.85		2.75	(0.82)		(0.48)	13.75		8.02
<b>Adjusted</b>	<b>6.57</b>	<b>176.37</b>	<b>3.72</b>	3.09	170.58	1.81	6.77	171.55	3.95

## 9 Property portfolio

Investment property, development property and interest in leasehold properties

	Investment property £'000	Interest in leasehold properties £'000	Total Investment property £'000	Development property £'000
At 1 November 2006	469,690	49,601	519,291	7,921
Additions	5,337	9,142	14,479	14,806
Reclassifications	2,384	-	2,384	(1,702)
Revaluation	19,874	(2,559)	17,315	-
Exchange movements	661	-	661	-
<b>At 30 April 2007</b>	<b>497,946</b>	<b>56,184</b>	<b>554,130</b>	<b>21,025</b>

# Notes to the interim report

for the six months ended 30 April 2007 (continued)

## 10 Valuations

	Deemed cost	Valuation	Revaluation on deemed cost
	£'000	£'000	£'000
<b>Freehold stores</b>			
As at 1 November 2006	195,252	356,690	161,438
Movement in period	5,475	36,402	30,927
<b>As at 30 April 2007</b>	<b>200,727</b>	<b>393,092</b>	<b>192,365</b>
<b>Leasehold stores</b>			
As at 1 November 2006	47,702	113,000	65,298
Movement in period	2,907	(8,146)	(11,053)
<b>As at 30 April 2007</b>	<b>50,609</b>	<b>104,854</b>	<b>54,245</b>
<b>All stores</b>			
As at 1 November 2006	242,954	469,690	226,736
Movement in period	8,382	28,256	19,874
<b>As at 30 April 2007</b>	<b>251,336</b>	<b>497,946</b>	<b>246,610</b>

The freehold and leasehold investment properties have been valued as at 30 April 2007 by external valuers, Cushman & Wakefield, Real Estate Consultants ("C&W"). The valuation has been carried out in accordance with the RICS Appraisal and Valuation Standards published by The Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each of the investment properties has been prepared on the basis of Market Value as a fully equipped operational entity, having regard to trading potential. The valuation has been provided for accounts purposes and as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, C&W have confirmed that:

- The members of the RICS who have been the signatories to the valuations provided to the Company for the same purposes as this valuation have been so since October 2004.
- C&W have continuously been carrying out this valuation for the same purposes

as this valuation on behalf of the Company since October 2004.

- C&W do not provide other significant professional or agency services to the Company.
- In relation to the preceding financial year of C&W, the proportion of the total fees payable by the Company to the total fee income of the firm is less than 5%.

### Valuation method and assumptions

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

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

### Freehold (UK and France)

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

### Leasehold (UK)

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

### Leasehold (France)

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

# Notes to the interim report

for the six months ended 30 April 2007 (continued)

## 11 Adjusted net assets per share

Analysis of net asset value	Six months ended 30 April 2007 £'000	Six months ended 30 April 2006 £'000	Year ended 31 October 2006 £'000
Net asset value	192,970	89,910	136,518
Redesignation of preferred share capital	-	666	666
Basic and diluted net asset value	192,970	90,576	137,184
Adjustments:			
Deferred tax on revaluation	101,508	82,938	101,614
Adjusted net asset value	294,478	173,514	238,798
Basic net assets per share (pence)	103.1	53.1	79.5
Diluted net assets per share (pence)	103.1	53.1	79.5
Adjusted net assets per share (pence)	157.4	101.7	138.4
Shares in issue	187,083,333	23,960,250	25,875,000
Redesignation of preferred share capital	-	146,625,000	146,625,000
Basic and diluted shares used for calculation	187,083,333	170,585,250	172,500,000

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

Adjusted net assets per share excludes deferred tax on the revaluation uplift on freehold and leasehold properties.

# Notes to the interim report

for the six months ended 30 April 2007 (continued)

## 12 Reserves

	Share premium account	Reserves	Total
	£'000	£'000	£'000
At 1 November 2006	368	136,146	136,518
Profit for the period	-	23,249	23,249
Change in value of interest rate swap	-	3,375	3,375
Deferred tax on interest rate swap movement	-	(945)	(945)
Exchange difference on translation of foreign operations	-	445	445
Deferred tax relating to pension deficit	-	(74)	(74)
Redesignation of preferred share capital	645	-	666
Bonus issue of shares	(1,700)	-	-
Issue of shares (net of issue costs)	29,590	-	29,736
<b>At 30 April 2007</b>	<b>28,903</b>	<b>162,196</b>	<b>192,970</b>

## 13 Share capital

	Six months ended 30 April 2007	Year ended 31 October 2006
	£'000	2006
<b>Authorised</b>		
300,000,000 (2006: 375,000) ordinary shares of 1p each	3,000	4
<b>Called up, issued and fully paid</b>		
187,083,333 (2006: 375,000) ordinary shares of 1p each	1,871	4

On 21 February 2007, a two for one bonus issue was made for the preferred ordinary shares and ordinary shares. This reduced the share premium account by £50,000 accordingly.

On 14 March 2007, 2,150,000 preferred ordinary shares were re-designated as ordinary shares.

A bonus issue was then made for 22 for one ordinary shares. This reduced the share premium account by £1,650,000 accordingly.

# Notes to the interim report

for the six months ended 30 April 2007 (continued)

## 14 Consolidated statement of changes in equity

	Six months ended 30 April 2007 £'000	Six months ended 30 April 2006 £'000	Year ended 31 October 2006 £'000
Opening equity shareholders' funds	136,518	89,634	89,634
Issue of shares	29,736	47	75
Share-based employee remuneration	-	-	2,045
Exchange differences on translation of foreign operations	445	(187)	(368)
Profit for the period	23,249	416	45,137
Change in value of interest rate swap	3,375	-	-
Movement in deferred tax relating to interest rate swap	(945)	-	-
Actuarial gain recognised in the pension scheme	-	-	3
Movement on deferred tax relating to pension deficit	(74)	-	(8)
Redesignation of preferred share capital	666	-	-
<b>Closing equity shareholders' funds</b>	<b>192,970</b>	89,910	136,518

# Independent review report to Safestore Holdings plc

## Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 April 2007 which comprises the consolidated balance sheet as at 30 April 2007 and the related consolidated interim statements of income, cash flows and statement of recognised income and expense for the six months then ended and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

## Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the basis set out in Note 1.

## Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 April 2007.

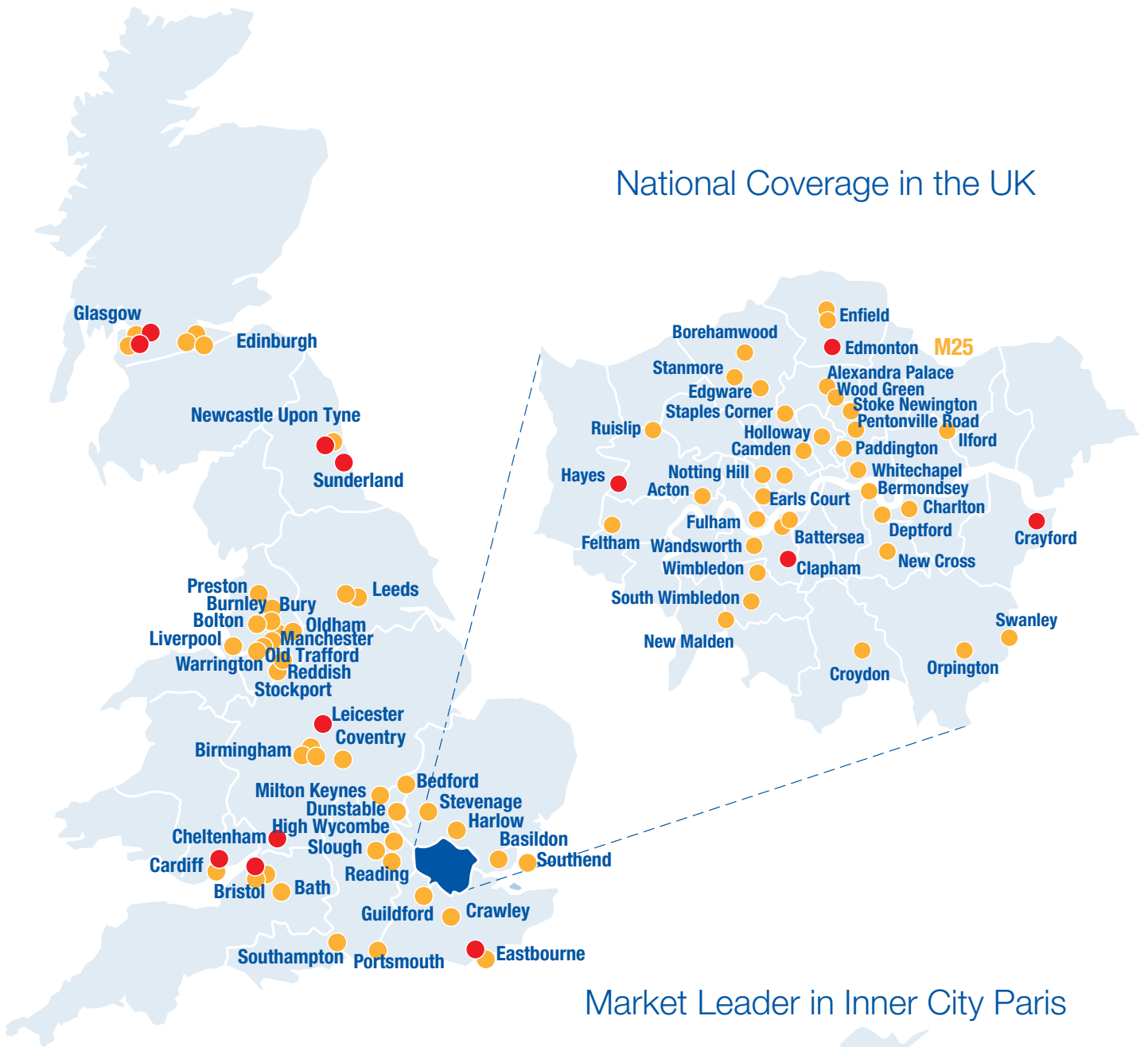
**PricewaterhouseCoopers LLP**  
**Chartered Accountants**  
**Birmingham**

**10 July 2007**

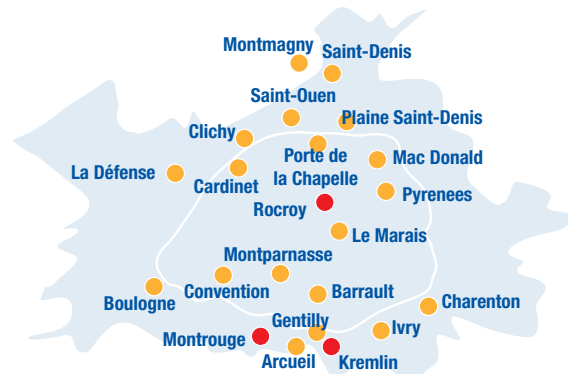
## Notes

- a) The maintenance and integrity of the Safestore Holdings Plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the web site.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

# 100 Stores, 16 Expansion Sites



Market Leader in Inner City Paris



- Current Stores
- Expansion Stores

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