Safestore Holdings plc
Annual report and financial statements 2011

More Space℠

safestore™

safestore™ une pièce en plus

Safestore is the market leader in self-storage for the UK and Paris. We operate 119 wholly owned stores under the Safestore and Une Pièce en Plus brands, with a further 12 stores under management in the UK.

Contents

Operational highlights

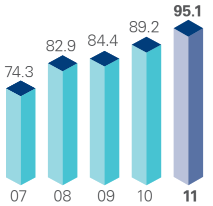
- Closing occupancy at record level of 3.21 million sq ft, 64.1% of Maximum Lettable Area ("MLA")
- Average self storage rental rate up 2.2% to £26.11 per square foot ("sq ft") (FY2010: £25.55)
- Revenue per Available Foot[4] ("RevPAF") up 3.0% to £18.99 (FY2010: £18.44)
- Ancillary sales up 8.3% to £13.2 million (FY2010: £12.2 million)
- Two new stores opened in Paris, two replacement stores opened in the UK

Financial highlights

- Revenue up 6.6% to £95.1 million (FY2010: £89.2 million)
- Underlying EBITDA[1] up 2.7% to £50.5 million (FY2010: £49.2 million)
- EPRA[2] Adjusted profit after tax[3] up 4.8% to £16.1 million
- Final dividend increased 9.2% to 3.55 pence per share (FY2010: 3.25 pence per share)
- Profit after tax of £13.0 million (FY2010: £26.3 million) reflecting the impact of non-cash movements in the (loss)/gain on investment properties, exceptional items and the associated tax

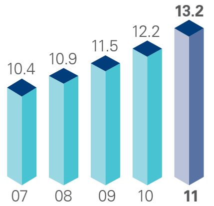
Revenue (£m)

£95.1m +6.6%



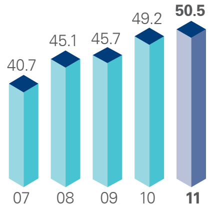
Ancilliary revenue (£m)

£13.2m +8.3%



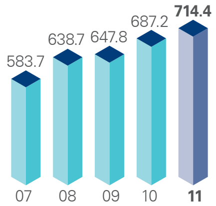
Underlying EBITDA[1] (£m)

£50.5m +2.7%



Portfolio valuation (£m)

£714.4m +4.0%



What's inside

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Richard Hodsden's report on the Company's financial matters in the past year

1 EBITDA before exceptional items, contingent rent, (loss)/gain on investment properties and fair value movement of derivatives (underlying EBITDA).
2 EPRA - European Public Real Estate Association.
3 See note 9.
4 RevPAF calculated as total revenue divided by total MLA.

This report can also be read online. Go to:
www.safestore.com/online_annual_report_2011

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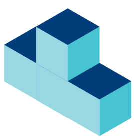
More space for the UK and Paris

Safestore is the market leader in self-storage in the UK and Paris.

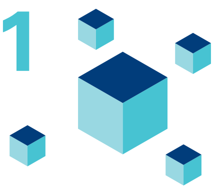
Safestore at a glance

#1



We have more stores in the UK and Paris than any other self-storage provider

131

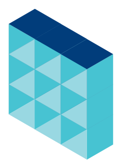


We have 131 trading stores spread across the UK and Paris including 12 Spacemaker stores

7

...and we have seven more stores in the pipeline...

5.3m

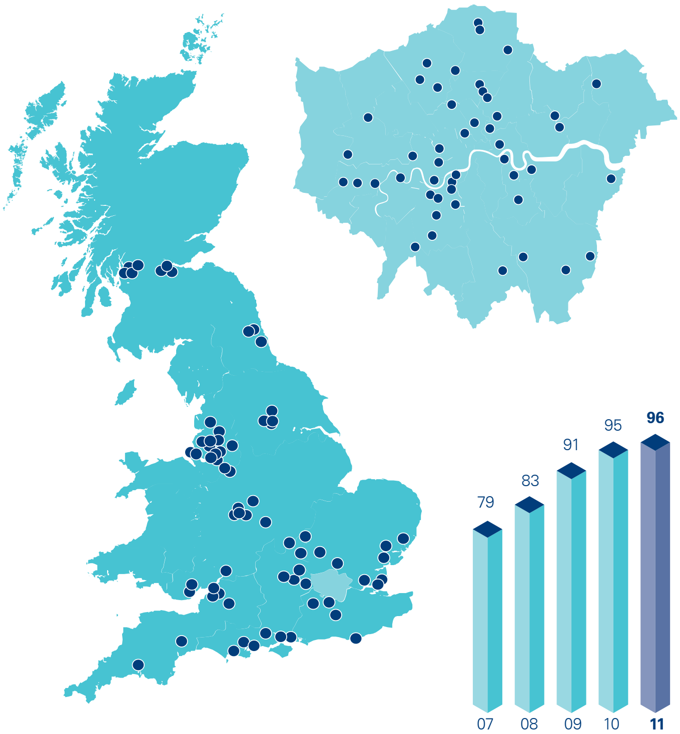


...giving us a total of 5.3 million square feet of available storage space

Our store network

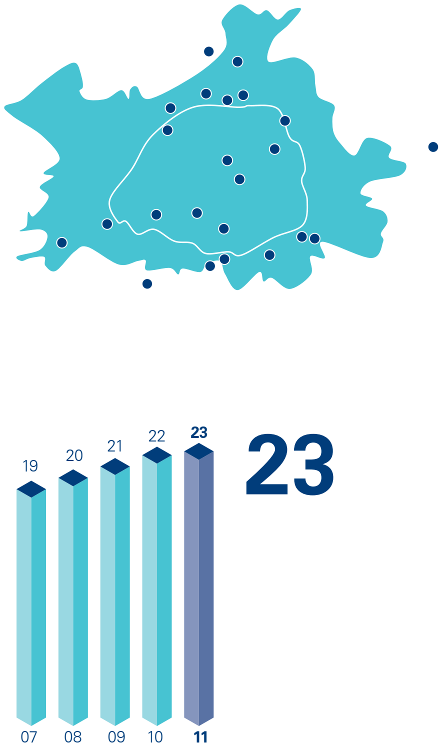
Safestore is well represented in the main markets across the UK and Paris

UK and London total stores



96

Paris total stores



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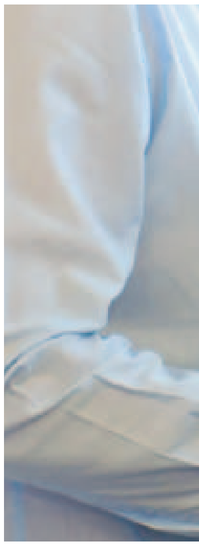
Portfolio highlights

Bolton
Opened November 2010

Southend
Opened November 2010

Trappes, Paris
Opened December 2010

Torcy, Paris
Opened May 2011



A market leader with scale and flexibility

Our business model

Our straightforward business model drives sustainable performance.

Profit
We focus the business on improving efficiency and delivering profitability.

Enquiries and service
We use our sales and marketing system to create customer enquiries from both personal and business customers.

Revenue per Available Foot ("RevPAF")
We set the right rental rate to grow our occupancy and optimise our revenue per available foot.

Sales conversion
We drive sales enquiry conversion rate through customer service and clear product offers for different customer needs.

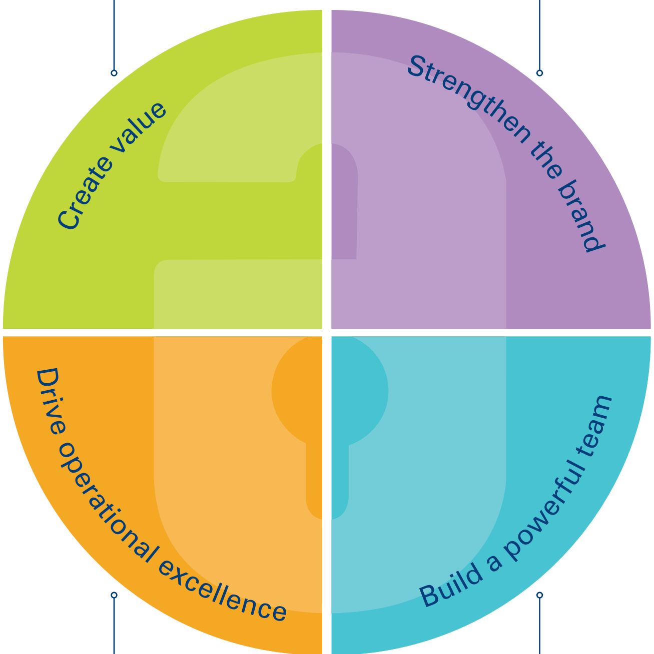
Our strategy

At Safestore, our aim is to deliver "More Space" – for our customers to store the things that matter most, for our shareholders to benefit from growth and for our team members to develop their careers.

Our strategy is to use our self-storage experience and market leading scale to drive improved performance. We have four strategic priorities that underpin our strategy and drive the focus of the company.

Create value
Secure strong returns on our property investments by maintaining a focus on delivering sustainable growth.

Strengthen the brand
Raise the profile of our brands through effective sales and marketing.



Drive operational excellence
Deliver efficient service by leveraging our self-storage experience and scale through processes, tools and systems.

Build a powerful team
Develop our people so they can deliver great service and maximise their potential.

Delivering for our customers, investing in people

At Safestore, we serve more than 40,000 personal and business customers across the UK and Paris. We aim to provide an excellent service through team members who are well trained to help find the right self-storage solution for every customer.

Self-Storage demand has been increasing

Self-storage demand has been increasing during the year and enquiries grew by 16% compared to the prior year.

Personal Customers choose self-storage when they need more space as their life changes, including occasions such as a new marriage, the birth of a new child, expatriate postings, home refurbishments, and permanent home moves. Personal customers occupy almost 50% of the space occupied in our store network.

Business Customers choose self-storage as an attractive alternative to owning or leasing their own premises, particularly for companies who need to store stock, manage complex logistics or retain documents for long periods. Business customers occupy almost 50% of the space occupied in our store network.

Space Specialists trained to find the right solution

In line with our company strategy, we believe that our people make the difference. With our mission to offer More Space^{SM} for our customers, we want to offer More Space^{SM} for our team members to develop.

As self-storage is a relatively new product in the UK and France, we want to ensure our customers are being guided and supported by our team members when working out how best to store their property, where to store it and how to safeguard it. Our Space Specialist training programme strengthens our customer service proposition by helping our team members to identify the needs of specific customers and finding the right solution for those needs. The programme, which includes a residential training course and a follow-up in store, has been successfully deployed to all our UK stores and key elements are being leveraged by the business in France.

"Demand for self-storage in the UK and France has been increasing, notwithstanding the challenging macro-economic conditions, and the power of our scale has enabled us to continue to deliver strong operational performance."

Richard Grainger
Chairman

As Chairman of Safestore Holdings plc, the market leader and largest self-storage retailer in the UK and Paris, I am pleased to announce another year of growth in the year ended 31 October 2011.

Demand for self-storage in the UK and France has been increasing, notwithstanding the challenging macro-economic conditions, and the power of our scale has enabled us to continue to deliver strong operational performance.

We believe there is significant further growth potential in the UK and Paris self-storage markets and we are selectively investing in our future. We have made strategic investments to enable us to exploit our scale, drive sales and strengthen yield management. These investments include enhancement of our sales and marketing team, the launch of a new website platform and the expansion of our London and Paris call centres.

The initial results of our strategic investments have been positive and we have delivered strong revenue growth this year. The Board believes our targeted investment programme will strengthen our position as market leader and drive further improved performance during the years to come.

During the year we also extended our network with the opening of four new stores: two new stores in the Paris region and two modern replacement stores in the UK.

Overall, we are pleased to have delivered another year of growth and we remain confident in the strength of our business model, the quality of our operational teams and our prospects for the future.

Financial results

Revenue for the year was £95.1 million, 6.6% higher than last year (FY2010: £89.2 million). The key drivers for revenue growth continue to be movements in the self-storage occupancy, rate per sq ft, and ancillary revenues:

- Closing occupancy increased by 268,000 sq ft or 9.1% to a record 3.21 million sq ft (FY2010: 2.94 million sq ft).
- Ancillary revenues were up 8.3% to £13.2 million (FY2010: £12.2 million).
- The average self-storage rental rate increased by 2.2% to £26.11 per sq ft (FY2010: £25.55).

Underlying EBITDA increased by 2.7% to £50.5 million (FY2010: £49.2 million) as a direct result of the increased turnover which has been partially offset by the investments made to drive the business forward. These are covered in more detail in the Chief Executive's review on pages 10 to 19. Further details on the results for the Financial Year 2011 ("FY2011") and Financial Year 2010 ("FY2010") are included in the Financial review on pages 20 to 25.

Property valuation

As at 31 October 2011, the total value of the Group's property portfolio was £714.4 million, up £27.2 million from £687.2 million at 31 October 2010 and up £20.8 million from the half year valuation of £693.6 million at 30 April 2011. Further details of the property valuation and the movements therein are provided in the Finance review.

Dividend

The Board is pleased to recommend a final dividend of 3.55 pence per share, bringing the total dividend to 5.30 pence per share for the year. This final dividend represents an increase of 9.2% versus FY2010.

The Board remains confident in the prospects for the group. This dividend reflects the appropriate balance between delivering short-term shareholder returns and building longer-term shareholder value by maintaining our investment in infrastructure and new store development.

The Board expects to continue to maintain a progressive dividend policy.

People

During the year we announced the appointment of Peter Gowers as Chief Executive with effect from 1 March 2011. Peter was previously Chief Executive for the Asia-Pacific region of InterContinental Hotels Group plc ("IHG"). Peter brings considerable strategic, marketing and operational experience to the Group and his track record in driving operational performance that creates property value will stand the Group in good stead.

Highlights

- We believe there is significant further growth potential in the UK and Paris self-storage markets and we are selectively investing in our future.
- During the year we also extended our network with the opening of four new stores: two new stores in the Paris region and two modern replacement stores in the UK.
- Revenue for the year was £95.1 million, 6.6% higher than last year (FY2010: £89.2 million).
- The Board recommends a final dividend of 3.55 pence per share bringing the total dividend to 5.30 pence per share for the year.

"Demand for self-storage has been increasing and since the year end we have seen continued growth in personal and business new lets."

Peter succeeded Steve Williams, who retired from the Group this year after just over nine years as Chief Executive. Steve provided a solid platform for the Company's continued success and the Board and I thank him for his leadership. We wish him a long and happy retirement.

During the year, our people continued to be the key drivers of the success of the business. I would like to take this opportunity to thank all my colleagues throughout the business for their hard work and dedication this year.

Outlook

Demand for self-storage has been increasing and since the year end we have seen continued growth in personal and business new lets. While we continue to monitor the wider economic conditions, our recent performance has been encouraging and the Board believes Safestore, as market leader, is well positioned to capitalise on the opportunities ahead.

Richard Grainger
Chairman
26 January 2012

This report can also be read online:
www.safestore.com/online_annual_report_2011

Chief Executive's review

"In a period where self-storage demand has been increasing, supply growth has been limited and some competitors have been financially constrained, we have continued to invest for the future."

Peter Gowers
Chief Executive Officer

We are pleased to announce another year of growth for the Group, with considerable progress at Safestore and Une Pièce en Plus.

Our market leadership position enabled us to deliver further growth in revenue, profitability and the total value of our property portfolio notwithstanding the challenging wider economic environment.

In a period where self-storage demand has been increasing, supply growth has been limited and some competitors have been financially constrained, we have continued to invest for the future. We have made targeted investments to enhance our sales and marketing infrastructure and grown our store network in the UK and France.

In view of our growth, our confidence in the future and commitment to delivering sustainable returns to shareholders, we have increased the final dividend by 9.2% to 3.55 pence per share.

The table opposite summarises the impact of our operating performance on Group financial performance.

Safestore delivering sustained growth

Safestore continues to be focused on delivering strong operational results, a high quality earnings stream and sustainable returns to shareholders. This year marked our fifth successive year of growth in revenues, EBITDA and the total value of our property portfolio and continues our track record of maintaining or growing dividend payments each year.

Operating and financial performance

	Year ended 31 October 2011 £'000	Year ended 31 October 2010 £'000	Movement
Revenue	**95,060**	89,214	+6.6%
Like-for-like* revenue	**93,653**	87,367	+7.2%
Ancillary revenue	**13,207**	12,199	+8.3%
Underlying EBITDA[1]	**50,512**	49,178	+2.7%
EPRA profit after tax (adjusted)[2]	**16,092**	15,349	+4.8%
Profit after tax ("earnings")	**13,028**	26,340	–50.5%
EPRA earnings per share (adjusted)[2] (pence)	**8.58**	8.19	+4.8%
Basic EPS[2] (pence)	**6.95**	14.05	–50.5%
EPRA net asset value ("NAV") per share (adjusted)[3] (pence)	**211.3**	212.6	–0.1%
NAV per share[3] (pence)	**146.8**	144.1	+1.9%
Dividend – final pence per share	**3.55**	3.25	+9.2%
Dividend – total pence per share	**5.30**	4.95	+7.1%

1 EBITDA before exceptional items, contingent rent, fair value movement of derivatives and (loss)/gain in investment properties ("underlying EBITDA").
2 See note 9.
3 See note 12.
* Like-for-like stores are those that have been open for two full financial years or more.

Highlights of FY2011

	31 October 2007 £'000	31 October 2008 £'000	31 October 2009 £'000	31 October 2010 £'000	**31 October 2011 £'000**
Revenue	74,303	82,875	84,433	89,214	**95,060**
EBITDA (underlying)	40,725	45,145	46,330	49,178	**50,512**
Total portfolio valuation	583,700	638,700	647,800	687,200	**714,400**
Dividend (pence per share)	4.50	4.65	4.65	4.95	**5.30**

Highlights

- This year marked our fifth successive year of growth in revenues, EBITDA and the total value of our property portfolio and continues our track record of maintaining or growing dividend payments each year.
- We focused on maximising revenue per available foot ("RevPAF") by striking the right balance between occupancy and rate growth. Occupancy grew by 268,000 sq ft or 9.1% to a record 3.21 million sq ft.
- Our strategy is to develop either freehold or long leasehold stores wherever possible as this creates greatest long-term shareholder value.
- Self-storage demand has been increasing during the year and enquiries grew by 16% compared to the prior year.
- We are now in the second year of our management contract at Spacemaker and successfully grew occupancy, rate, revenues and profitability on behalf of the owners during the year.

These results reflect the strength of our market position and the great commitment of all our store and support centre teams in the UK and France. I would like to join the Chairman in thanking the team for all they have done to drive Safestore forward this year.

Highlights of FY2011 – Safestore driving performance through market leadership

Safestore continued to build on its strengths during the year, using our scale to drive continued improvements in operational performance and maintaining our selective investment programme to drive future growth.

We have a straightforward business model. We identify attractive sites for personal and business storage, use our scale to market those sites to customers and create enquiries, use our customer insight and operating skill to convert enquiries into occupancy, and manage pricing and business mix to drive the self-storage rate and ancillary revenues.

As at 31 October 2011 our portfolio comprised 119 stores, 96 in the UK and 23 in Paris, giving us a market leadership position in both markets. During the year we opened two new stores in Paris and two modern replacement stores in the UK at Bolton and Southend. Since the year end we have also opened a further two stores, one in London and one just outside central Paris, bringing the total number of stores in the portfolio to 121.

We focused on maximising revenue per available foot ("RevPAF") by striking the right balance between occupancy and rate growth. Occupancy grew by 268,000 sq ft or 9.1% to a record 3.21 million sq ft, or 64.1% of our maximum lettable area ("MLA"). Average self-storage rental rate was up 2.2% to £26.11 (FY2010: £25.55). As a result, we successfully grew total RevPAF by 3.0% to £18.99 for our overall portfolio (FY2010: £18.44).

Geographically Paris remained our strongest market during the year, reflecting the solid demand for self-storage within central Paris, the limited supply growth and our relative market strength. London and the South East, where we are a market leader with scale, was the next strongest performing region with solid demand albeit in a more competitive environment than that experienced in Paris. In the UK beyond London and the South East, demand was solid during the year and our strategic focus on RevPAF enhanced performance.

In an economic environment with inflationary pressures, particularly on utilities and business rates, we maintained our focus on cost control. Underlying cost of sales (excluding the operating costs of new stores opened during the year) grew by 4.5%. Administrative costs were impacted by a number of one off movements, the full-year impact of changes in headcount and by changes in the level of incentive rewards and national insurance. As a result, underlying administrative expenses grew by £1.3 million to £14.1 million representing a 10.7% increase overall.

Revenue (£m)

£95.1m

+6.6%

Underlying EBITDA (£m)

£50.5m

+2.7%

Final dividend per share

3.55p

+9.2%

Highlights of FY2011 – continued

During the second half of the year we made strategic investments of approximately £0.6 million which are included in the underlying level of cost increases. At a time when many smaller competitors have limited resources to grow we believe selective strategic investment will strengthen our position as market leader. These targeted investments support our drive to strengthen sales and yield management, including enhancement of our team, the launch of a new website platform and the expansion of our London and Paris call centres. Further details of the overall movement in our cost base are detailed in the Finance review.

As a result of our strong operational performance, discipline on costs and the targeted strategic investments, underlying EBITDA was up 2.7% to £50.5 million (FY2010: £49.2 million). Underlying profit after tax, measured using the EPRA adjusted measure increased by 4.8%, to £16.1 million (FY2010: £15.3 million).

Statutory reported profit after tax was £13.0 million (2010: £26.3 million). This movement arose predominantly as a result of the requirement to record a non-cash reduction in property valuation of £18.4 million in the "investment (loss)/gain on investment properties" line of the income statement. This compares to an investment gain of £18.5 million in FY2010. The total property portfolio valuation increased by 4.0% to £714.4 million. However, an adjustment to values in the like-for-like portfolio was required, including an exceptional impairment charge of £2.2 million relating to the La Défense property in France.

Strategy – More Space℠ through market leadership and scale

At Safestore, our aim is to deliver More Space℠ for our customers to store the things that matter most, to generate growth for our shareholders and our team to develop their careers.

Strategic opportunity to grow the self-storage market

We believe there are significant strategic opportunities to grow the self-storage industry itself and strengthen our performance.

We estimate, based on data from the UK Office for National Statistics ("ONS") and proprietary research, that more than 8 million individuals and businesses in the UK could potentially benefit from self-storage, either because changes in their lives create a need for more space (for example, major events like marriage, the birth of a child, divorce and bereavement), or in connection with a home move (either between rented properties or the owner-occupied sector) or because there are opportunities to expand their business or optimise property and logistics costs.

In contrast, the self-storage market in the UK presently consists of around just 400,000 customers and penetration of the product is at a fraction of the level already reached in the United States, even in the more developed London and Paris markets.

We believe that a greater emphasis on customer marketing, segment-specific product offers and a greater focus on yield management will enhance our ability to take advantage of this market opportunity.

"Our strategy is straightforward. We develop the self-storage product, create specific offers for specific customer segments and use our scale to maximise the yield on our property portfolio."

Strategy based on capitalising on our market leadership and scale

Our strategy is straightforward. We develop the self-storage product, create specific offers for specific customer segments and use our scale to maximise the yield on our property portfolio.

The Company has four strategic priorities which underpin our strategy. They drive the objectives of every team member, the measures we monitor internally in our balanced scorecard and form part of the criteria against which we assess our investment decisions. The four Safestore strategic priorities are:

— strengthen the brand;

— build a powerful team;

— drive operational excellence; and

— create value.

Over the course of the years ahead we expect progress on our strategic priorities to help us drive occupancy in the mature store portfolio beyond 75% at increasing levels of RevPAF, thereby driving the benefits of operational gearing and enhanced profitability.

Progress against each priority during the year is set out in further detail in the Operational review.

Our people – enhancing customer service and improving productivity

At Safestore, our people make the difference. In line with our mission to offer More Space℠ for our customers and More Space℠ for our team members to develop, we have maintained a strong focus on people development during the year.

Self-storage is a relatively new product in the UK and France and many customers look for guidance and support when working out how best to store their property, where to store it and how to safeguard it. Our teams provide that support and we look to recruit, develop and reward a high quality team.

During the year we made significant investments in strengthening our customer service proposition, by rolling out our "Space Specialist" training programme, which focused our store teams on identifying the needs of specific customers and finding the right solution for those needs. The "Space Specialist" programme, which includes a residential training course and follow-up in store, has now been successively deployed to all our UK stores and key elements are now being leveraged by the business in France.

Beyond Space Specialist, our in-house, award-winning personal development programme Careerstore continues and Safestore has now been "Centre Recognised" by the Open College Network ("OCN"), which means we are authorised to run our own OCN accredited courses. This gives our staff the opportunity to gain a nationally recognised qualification by pursuing our internal programme, Careerstore. We have seen a continued commitment to personal development over the past twelve months with our online training modules being completed over 800 times during the year.

We are proud of our continued status as "Investors in People", a designation which we have held since 2003.

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

Portfolio valuation (£m)

£714.4m

+4.0%

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Property and asset management

Store network continues to expand

As at 31 October 2011, Safestore had a portfolio of 119 stores of which 96 are branded as Safestore in the UK with a further branded 23 as Une Pièce en Plus in France. In addition we manage a further twelve stores, branded as Spacemaker in the UK, for a third party for which we receive a management fee.

The portfolio consists of 73 freehold/long leasehold stores, 46 short leasehold and the twelve managed stores.

Our strategy is to develop either freehold or long leasehold stores wherever possible as this creates greatest long-term shareholder value. However, we selectively develop using short-term leases where this permits us to access attractive markets where freeholds are not available or where greater returns to shareholders can be achieved through leasing.

During the year we opened four new freehold stores: two new stores at Torcy and Trappes in Paris and two modern replacement stores at Bolton and Southend in the UK.

The two new Parisian stores extend our network along main arterial routes around the city of Paris. These openings extend the business into new areas, which offer the economic and demographic criteria needed for successful self-storage operations. They also enable us to further increase our market share into the wider Ile de France region around Paris, while strengthening our regional scale and synergies.

The new Southend and Bolton stores are both freehold, purpose built facilities. Both offer modern facilities replacing older stores, enhancing the brand and improving operational efficiency. We successfully transferred the majority of existing customers to the new stores and the larger footprint added approximately 51,000 sq ft of net additional MLA.

In June we also acquired the freehold interest in our store at London Pentonville Road. This acquisition has secured the long-term future of this central London location, enhances the value of our property portfolio and demonstrates our ability to enter into a location with a lease and, where returns are attractive, convert the store to a freehold and thereby enhance shareholder value.

As already announced, one store at La Défense in Paris was closed during the year, resulting in the loss of 24,000 sq ft of occupancy and approximately €0.5 million of operating profit. This store was damaged by fire and is insured for both the loss of the building and loss of profits. A review is currently underway on the optimal future for this site.

"We have reviewed our portfolio and we believe that self-storage remains the highest and best use of the overwhelming majority of our sites."

Store pipeline

Location	Tenure	Planning	MLA in sq ft	Estimated opening
New Southgate	Freehold	Yes	48,000	Opened November 2011
Gonesse (Paris)	Freehold	Yes	46,000	Opened December 2011
Staines	Freehold	Yes	43,100	H1 FY2012
Velizy (Paris)	Freehold	Yes	49,500	H2 FY2012
Chiswick	Freehold	Yes	43,500	FY2013
Wandsworth*	Freehold	Yes	23,300	FY2013
Birmingham*	Long Leasehold	Yes	15,100	FY2014
Total sq ft in pipeline			**268,500**	

* Relocation store, MLA shown is the net additional MLA

Since the year end we have opened further stores in London at New Southgate and at Gonesse in Paris. London New Southgate develops our Safestore brand proposition and introduces some new features for our business customers. These include:

— a business lounge providing informal meeting and refreshment facilities;

— an office suite of six offices available on flexible letting terms;

— a separate unloading area for business customers;

— secure charging points for mobile phones and laptops; and

— archiving units with racking for those businesses that need to store documents.

Paris Gonesse similarly enhances the Une Pièce en Plus brand with a modern facility located within a retail park development.

Attractive development pipeline supports future growth

We have five stores in our pipeline (see table above), principally in London and Paris. Even in a challenging wider economic environment, the right self-storage locations continue to be attractive investments. As an example, our London Chingford store, which opened in 2008 at the onset of the recent economic downturn, is now delivering an annualised EBITDA of more than £600,000 and an EBITDA operating return of more than 10% on its original development cost.

Within the current pipeline, four sites are freehold with the remaining store being long leasehold. We intend to develop the additional sites in the pipeline in line with market conditions and the opportunities to maximise value.

In the UK, the Staines store is presently under construction. This store is prominently located on the A30 and is expected to open during the first half of FY2012. We have also had success on the planning front in the last year having obtained planning permission on two London sites at Wandsworth and Chiswick and for a flagship store in Birmingham.

In France, the Velizy site, which is adjacent to the main regional shopping centre known locally as "Velizy 2", is expected to open during the second half of FY2012.

Asset management driving returns

We actively manage our portfolio to maximise income, minimise costs and enhance asset value.

We have reviewed our portfolio and we believe that self-storage remains the highest and best use of the overwhelming majority of our sites. In a small number of locations there are opportunities to explore alternative use schemes and these are now being evaluated. There are also a number of city centre locations outside London where consolidation of our existing stores may be value creating and we will continue to explore the optimal solution in these locations. One such example is our satellite store at Stevenage which we will close in January 2012 with the majority of existing customers moving to our main store.

From David Penniston
Property Director

"During the year we opened four new freehold stores, two new stores at Torcy and Trappes in Paris and two modern replacement stores at Bolton and Southend in the UK."

We address multiple demand drivers

Lifestyle demand eg students, marriage, new baby, divorce, bereavement	**Demand expected to remain strong and awareness of product rising**
Rental/owner occupier demand eg rental moves, housing transactions	**Rental sector is growing and upside as owner-occupied market begins to recover from low base**
Business demand eg small businesses, national accounts, archiving	**Driven by economic activity and rising awareness of product offer, including growth of national sales**

Operational review– Growth and targeted investment

Self-storage demand and enquiries continue to grow

Self-storage demand has been increasing during the year and enquiries grew by 16% compared to the prior year. Enquiries are categorised as either "personal" or "business" with the strongest growth coming from personal customers during the year.

The principal trend in enquiries is the continuing shift to customers using a multi-channel route to acquire the self-storage product. The majority of customers now start their enquiry process online and 63% of all enquiries were sourced from the internet during the year, compared to 47% in the prior year. However, many customers subsequently choose to engage with national account sales team members, call centre colleagues or our store teams to make their final decision and ultimately contract their business. Our focus has therefore been in maximising our performance at each stage of the multi-channel journey.

Safestore continues to lead in the online space and development of our Web offer is an ongoing process. We actively manage the display of our websites in the main internet search engines, place advertising online and develop our Web offer. Customers can now find pricing for our stores on our website and begin the reservation process.

The design of the UK website was updated in June, improving the user journey and fuelling enquiry growth. This led to further improvements in the volume and quality of our enquiries. Shortly a new website technical platform and further redesign will be launched. This new website offers simplified navigation, a separate information section for different customer segments, a quick price guide, simplified quote process, the ability to quote three different store prices, order fulfilment and an updated size estimator. This is being initially rolled out in the UK before being deployed in France.

Personal customer enquiries growing

Enquiries for personal customers grew by 17% during the year with personal customers accounting for approximately 91% of enquiries.

Storage needs for this segment are principally driven by two factors: lifestyle events and the housing market. Demand created by lifestyle events, such as people moving in together, having children, becoming divorced or addressing the issues presented by bereavement, are needs related and we believe remain largely unaffected by the economic environment.

From David Cox
Head of Sales and Marketing

"The principal customer trend is for more and more customers to use multiple channels to research and buy self-storage"

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From Andy Brandwood
Operations Director, Safestore UK

"Our ability to serve customers has been enhanced with the continued expansion of our customer support centre, with additional team members and extended hours'"

Demand created by home moves is created by sales and purchases within the owner-occupied and rental sector as well as refurbishments in both. As an example, in the UK, while the number of owner-occupied housing market transactions fell in the aftermath of the 2008 financial crisis, demand has been relatively resilient since. This principally results from the large size of the rental market and the increasing level of home refurbishments, such as loft conversions. According to the UK Office for National Statistics, approximately 1.4 million rental moves took place in the UK during 2010 compared to 360,000 owner-occupied housing market transactions. Our proprietary UK research, the 2011 "Safestore Moving Trends Survey", also suggested that 73% of homeowners are considering renovating or extending their property as an alternative to a home move.

Business customer enquiries growing
Enquiries for business customers grew by 7% during the year with business customers accounting for approximately 9% of enquiries.

Storage needs for this segment are principally driven by the need to store stock and manage logistics, the former being principally a small and medium-sized business ("SME") need and the latter being more driven by larger businesses.

Demand for business storage is fuelled by rising awareness of the benefits of self-storage and economic conditions. Even with low GDP growth during 2010–2011, demand grew overall during the year, although fluctuating on a month-to-month basis somewhat in line with business confidence.

Occupancy growth significantly strengthened with focus on RevPAF
During the year, we grew occupancy in our store network by 268,000 sq ft to a record 3.21 million sq ft or approximately 64.1% of the total MLA (FY2010: closing occupancy of 2.94 million sq ft or 60.8% of MLA).

This significant occupancy growth, which including a fourth quarter where occupancy grew at all-time record levels, was driven by an increased focus on maximising RevPAF. RevPAF is a similar measure to "sales per square foot" or "revenue per available room" measures used in retail and hospitality respectively. This focus creates actions in the business to strike the right balance between occupancy and rate and optimise the capture of demand from different segments.

During the second half of the year in the UK we experimented with price tests in a range of different locations and they indicated promising results with overall RevPAF increases in markets we attractively priced by segment. Against a background of a tough economic environment we therefore focused on offering pricing and promotions to deliver great value for our customers. During the course of the year we conducted a detailed store-by-store review of pricing and promotions in the UK and introduced a number of new pricing strategies. This enables us to offer excellent value and services for our customers, appropriate for each market place we operate in. This resulted in a strong second-half performance in occupancy growth which has continued into the new financial year.

Operational review– continued

Occupancy growth significantly strengthened with focus on RevPAF continued

Our ability to optimise demand has been enhanced with the continued expansion of our Customer Support Centre ("CSC"). In the UK, we have invested in additional team members and information technology infrastructure as well as extending the trading hours until 9.00pm. This ensures we have Space Specialists available to talk to customers when they want to speak to us. On the back of this expansion and our 17% year on year UK enquiry growth, our CSC was equipped to handle an additional 7,500 enquiries compared with the prior year.

In the second half of FY2011 we experimented with a further test which saw our UK call centre handle the majority of enquiries from a range of high performing, moderate and low-performing stores across our network. The results were encouraging with call centre conversion rates running significantly higher than the equivalent had been in the stores and we believe there are further opportunities to extend this trial.

During the second half of the year we opened a centralised call centre in our Paris head office, designed to leverage the best practices from the UK and expected to drive further performance improvements.

Personal customers fill approximately half our occupied space

1.61 million sq ft or approximately 50% of total occupied space is filled by personal customers. The average length of stay for these customers is now 87 weeks, slightly down from 89 weeks at 31 October 2010.

During the year, Safestore and Une Pièce en Plus continued to develop their service and value for money proposition to customers. We offer a range of storage pricing options depending on size of space, length of stay and location and also provide value-added service such as packing materials, free pickup of goods and free van hire.

Business customers fill approximately half our occupied space

1.60 million sq ft or approximately 50% of total occupied space is filled by business customers. The average length of stay for these customers is now 121 weeks, up from 119 as at 31 October 2010.

During the year we successfully continued our focus on serving small and medium enterprises ("SMEs") who account for the majority of business occupied space. In the UK, Safestore is an attractive solution for many small businesses. In addition to storage and office space, our store teams offer a range of value-added services that free up small businesses to focus on their core activities, including signing for deliveries, help with unloading, serviced fork-lift trucks and arranging for dispatch of stock. This has been particularly helpful in driving growth from online retailers, where businesses that would previously have had a traditional high street presence now choose a self-service solution which gives them a single bill for space, rates and utilities, greater flexibility over lease term and value-added services.

From Frederic Vecchioli
President, Une Pièce en Plus

"Geographically Paris remained our strongest market during the year, reflecting the solid demand for self-storage within central Paris, the limited supply growth and our relative market strength."

We also continued to grow our national accounts base in the UK. Safestore, as the UK market leader, has a unique scale position with a network of stores across the length and breadth of the UK, from Portsmouth to Edinburgh and from Cardiff to Ipswich. Unlike most other self-storage providers, who tend to be concentrated in one geographic region, we are ideally positioned to serve major UK brands and companies who need storage for archiving, stock or as a solution to complex logistics. During the year we grew total space occupied by national accounts by 16% to approximately 135,000 sq ft as at 31 October 2011, with 179 national accounts now storing right across our UK portfolio. The opportunity for national accounts is demonstrated by the fact that 65% of the space occupied by our national accounts is outside London and the South East.

Rental rate growth balanced with occupancy to drive RevPAF growth

Our successful strategy of maximising the yield from our portfolio by optimising the balance between occupancy and rate resulted in a moderate improvement in the average storage rental rate, which was £26.11, up 2.2% on £25.55 for FY2010. Our key measure of RevPAF increased by 3.0% across the network of stores despite some experimental discounting in the second half of FY2011.

Ancillary revenues, principally generated by sales of insurance and merchandise, grew by 8.3% to £13.2 million (FY2010: £12.2 million).

Cost of sales being managed in inflationary environment

Self-storage is a relatively fixed cost business and the largest cost items are store teams, utilities, rents and facilities charges. The main discretionary cost items are marketing and corporate levels of support.

During the year relatively high levels of cost inflation did create pressures for the business in the UK while in France inflation was somewhat lower. Underlying cost of sales (excluding the costs associated with stores fully opened during the year) were managed carefully, to grow broadly in line with UK inflation at 4.5% with the total cost of sales increasing by 7.8% overall. More details of the movement in costs of sales are included within the Financial review.

We increased our underlying administration costs (excluding the impact of exceptional items, derivative movements, and one off credits last year) by approximately £1.3 million. More detail is set out in the Financial review.

Review of Spacemaker operations – Safestore management creating value

Safestore manages twelve Spacemaker stores in the UK on behalf of a third party owner, giving us stable management fee income, additional UK operational scale and further store presence to offer to our national accounts customers.

We are now in the second year of our management contract at Spacemaker and successfully grew occupancy, rate, revenues and profitability on behalf of the owners during the year.

We have a strong and dedicated team of people in the Spacemaker stores who have handled the change process superbly well and delivered a great performance in what have been challenging economic conditions. We thank them for their commitment and hard work.

Summary – another year of growth

Safestore has delivered another strong set of results, our fifth successive year of growth in revenues, profits and property valuation.

Thanks to our customer focus, scale and the efforts of our dedicated teams we continue to build on our market leadership position and remain confident in the future.

Peter Gowers
Chief Executive Officer
26 January 2012

"The Group's revenue increased by £5.8 million (an increase of 6.6%) from £89.2 million in FY2010 to £95.1 million in FY2011."

Richard Hodsden
Chief Financial Officer

International financial reporting standards ("IFRS")

This report is prepared in accordance with IFRS and details the key performance measures during the year.

Results of operations

The table opposite sets out the Group's results of operations for the year ended 31 October 2011 and the year ended 31 October 2010, as well as the year on year change.

Revenue

Revenue for the Group is primarily derived from the rental of self-storage space, the sale of ancillary products such as insurance and merchandise such as packing and storage products in both the UK and France.

The table opposite sets out the Group's revenues by geographic segment for FY2011 and FY2010.

The Group's revenue increased by £5.8 million (an increase of 6.6%) from £89.2 million in FY2010 to £95.1 million in FY2011. As covered in the Chief Executive's review, the key drivers for revenue growth have been the increase in occupancy (268,000 sq ft year on year), the growth in average rate per sq ft (+2.2% year on year) and ancillary revenues (+8.2% year on year). There has been minimal currency impact during the year with an average exchange rate of €1.152:£1 for FY2011 against an average rate of €1.155:£1 for FY2010.

Results of operations

	Year ended 31 October		
	2011 £'000	2010 £'000	% change
Revenue	**95,060**	89,214	+6.6%
Cost of sales	**(31,222)**	(28,951)	
Gross profit	**63,838**	60,263	+5.9%
Administrative expenses	**(15,476)**	(11,819)	
Operating profit before loss on investment properties	**48,362**	48,444	–0.2%
(Loss)/gain on investment properties (including exceptional impairment charge)	**(18,417)**	18,472	
Operating profit	**29,945**	66,916	–55.2%
Net finance costs	**(21,398)**	(37,695)	
Profit before income tax	**8,547**	29,221	–70.8%
Income tax credit/(expense)	**4,481**	(2,881)	
Profit for the year	**13,028**	26,340	–50.5%

Revenues by geographic segment

	Year ended 31 October				
	2011 £'000	% of total	2010 £'000	% of total	% change
United Kingdom	**71,014**	74.7%	67,116	75.2%	+5.8%
France	**24,046**	25.3%	22,098	24.8%	+8.8%
Total revenue	**95,060**	100.0%	89,214	100.0%	+6.6%

Highlights

- Revenue up 6.6% to £95.1 million (FY2010: £89.2 million)
- Underlying EBITDA[1] up 2.7% to £50.5 million (FY2010: £49.2 million)
- EPRA[2] Adjusted profit after tax[3] up 4.8% to £16.1 million
- EPRA Adjusted Earnings per share[3] ("EPS") up 4.8% to 8.58 pence (FY2010: 8.19 pence)
- Final dividend increased 9.2% to 3.55 pence per share (FY2010: 3.25 pence per share)
- Profit after tax of £13.0 million (FY2010: £26.3 million) reflecting the impact of non-cash movements in the (loss)/gain on investment properties, exceptional items and the associated tax
- Basic EPS of 6.95 pence per share (FY2010: 14.05 pence per share)

1 EBITDA before exceptional items, contingent rent, (loss)/gain on investment properties and fair value movement of derivatives (underlying EBITDA).
2 EPRA - European Public Real Estate Association.
3 See note 7.

Cost of sales

Cost of sales consists primarily of our store costs, staff salaries, business rates, utilities, insurance and maintenance. The Group's cost of sales increased by £2.3 million or 7.8% from £28.9 million in FY2010 to £31.2 million in FY2011.

There are three key elements to the cost increase:

- strategic investment in expanding the UK call centre of approximately £0.3 million in the year;
- underlying cost of sales (excluding the strategic investments in the call centre) has increased by £1.0 million;
- therefore underlying costs of sales, including the strategic investments and general costs increases are up 4.5% to £30.2 million; and
- over and above this, the operating costs of new stores, including the full year costs of those stores opened last year, accounted for the remaining £1.0 million of the overall increase.

Administrative expense

During the year our underlying administrative expense increased by approximately £1.3 million to £14.1 million in FY2011 from £12.8 million in FY2010 as set out in the table below.

Of the £1.3 million increase in underlying administrative expenses:

- approximately £0.3 million of the increase is directly attributable to strategic investments made in the marketing, yield management and national accounts functions during the year;
- around £0.6 million of the increase relates to increased payroll costs and is split equally between the UK and France. In the UK, the increase is driven by increased headcount and national insurance, in France it is mainly attributable; to higher bonus payments and the introduction of a statutory profit participation scheme; and
- the balance of £0.4 million includes just over £0.3 million of costs relating to projects in FY2011 which are one off in nature with the remainder being general inflationary increases.

Cost of sales

	£'000	£'000
Cost of sales FY2010		(28,951)
Underlying costs increased by 4.5% (including strategic investments)	(1,299)	
New store operating costs	(972)	
		(2,271)
Cost of sales FY2011		**(31,222)**

Administrative expense

	FY2011 £'000	FY2010 £'000
Reported administrative expenses	**(15,476)**	(11,819)
Adjusted for:		
– exceptional items*	**1,332**	280
– changes in fair value of derivatives	**8**	(461)
– VAT rebate and one off provision releases	**—**	(775)
Underlying administration expenses	**(14,136)**	(12,775)

* Exceptional items include costs relating to the retirement of Chief Executive and the impairment of value and the subsequent relocation of the Paris head office as a result of the fire at the La Défense store.

Underlying EBITDA

	Year ended 31 October	
	2011 £'000	2010 £'000
Operating profit	**29,945**	66,916
Adjusted for:		
– loss/(profit) on investment properties	**16,187**	(18,472)
– impairment of investment property	**2,230**	—
– depreciation and contingent rent	**810**	915
– change in fair value of derivatives	**8**	(461)
Exceptional items:		
– impairment of non-current assets	**382**	—
– loss on sale of non-current assets	**—**	280
– costs relating to retirement of CEO	**702**	—
– costs relating to relocating French head office	**248**	—
Underlying EBITDA	**50,512**	49,178

EBITDA before exceptional items, contingent rent, change in fair value of derivatives and (loss)/gain on investment properties

Underlying EBITDA is calculated above for FY2011 and FY2010.

The Group's underlying EBITDA increased by £1.3 million or 2.7% from £49.2 million in FY2010 to £50.5 million in FY2011. This increase principally reflects the increase in revenues discussed above partly offset by the higher cost base in FY2011.

(Loss)/gain on investment properties

The (loss)/gain on investment properties consists of the fair value revaluation gains and losses with respect to the investment properties under IAS 40, impairments in the value of investment properties and finance lease depreciation for the interests in leaseholds. The Group's loss on investment properties was £18.4 million in FY2011 comprising a loss of £10.6 million for revaluations, a one off exceptional impairment charge of £2.2 million and finance lease depreciation of £5.6 million, compared to a gain of £18.5 million in FY2010 comprising a gain of £24.1 million for revaluations and £5.6 million of finance lease depreciation. The movement reflects the combination of yield movements within the valuations together with the impact of changes in the cash flow metrics of each store. The key variables in the valuations are rate per sq ft, stabilised occupancy, number of months to reach stabilised occupancy and the yields applied. The valuation of investment properties is covered in more detail in the property section on page 24.

Operating profit

Operating profit decreased by £37.0 million or 55.2% to £29.9 million for FY2011 from £66.9 million in FY2010. This movement predominantly reflects the £34.7 million swing in the investment properties from a gain of £18.5 million last year to a loss of £16.2 million this year and the one off exceptional impairment charge of £2.2 million. Over and above this item, the £1.3 million increase in underlying EBITDA generated from the trading movements throughout the year is offset by the increased exceptional expenses this year. It should also be noted that the La Défense store, which was closed in the year owing to fire, contributed approximately €0.5 million of operating profit last year which has been mostly lost to the Group this year.

As a result of the fire, £0.2 million of costs relating to relocating the French head office and £0.4 million relating to the impairment of non-current assets have been included as exceptional items, along with £2.2 million relating to the impairment of the investment property. Also within exceptional items is £0.7 million of costs relating to the retirement of the former Chief Executive Officer.

Net finance costs

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

The reduced bank interest receivable reflects the lower interest environment prevailing throughout FY2011.

Bank and other interest payable increased by 3.5% to £18.6 million in FY2011 from £17.9 million in FY2010 although this is after capitalising interest of £0.3 million (FY2010: £0.4 million). The interest costs reflect the increase in bank loans together with the full year effect of the amortisation of debt issuance costs of the new bank facility agreement from March 2010.

The Group has interest hedge agreements in place to August 2013 swapping LIBOR on £233 million at an effective rate of 2.325% and EURIBOR on €24 million at an effective rate of 1.67%. The hedge agreements provide cover for 75% of the drawn debt leaving a 25% floating element. Included with bank and other interest payable is £4.0 million (2010: £4.7 million) paid in relation to derivate financial instruments.

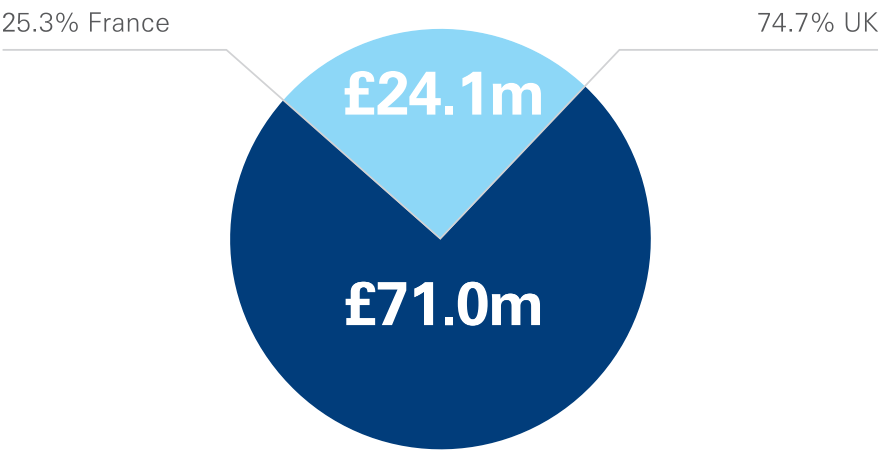
In March 2010, the Group entered into a new increased bank facilities agreement of £350 million and €40 million to replace its existing facilities of £302 million for the UK and €60 million for France which were due to expire in July 2011. The bank syndicate comprises seven members. A principal repayment of £5.0 million is due in March 2012 with six monthly repayments thereafter of £7.5 million until expiry in August 2013.

In FY2010, the exceptional recycling of foreign exchange gains arose in respect of recycled foreign currency translation gains from the translation reserve which are now released.

Net finance costs

	Financial year 2011 £'000	2010 £'000
Bank interest receivable	**212**	290
Bank and other interest payable	**(18,552)**	(17,922)
Net bank interest	**(18,340)**	(17,632)
Exceptional recycled foreign exchange translation gain	**—**	431
Exceptional recycling of cash flow hedge reserve	**—**	(8,749)
Fair value movement of derivatives	**1,825**	(4,829)
Exceptional finance expense	**—**	(2,004)
Interest on obligations under finance leases	**(4,883)**	(4,912)
Net finance costs	**(21,398)**	(37,695)

Revenue by geography



In FY2010, due to the bank re-financing, cumulative brought forward interest swap movements of £8.7 million were recycled from reserves and included as a charge in the income statement. The Group decided to cease hedge accounting for all financial derivative instruments and hence valuation movements are included in the income statement as a result of the restructuring of existing interest swap agreements and the inception of new swap agreements. The income statement for FY2011 includes a credit of £1.8 million in respect of the fair value movement of derivatives (FY2010: a charge of £4.8 million).

In FY2010 exceptional finance expenses related to unamortised debt issuance costs (non-cash) of £2.0 million that were written off in respect of the previous bank facilities.

Interest on finance leases remained flat at £4.9 million (FY2010: £4.9 million) and reflects part of the rental payment under UK GAAP (the balance being charged through the investment (loss)/gain line and contingent rent in the IFRS income statement).

Gearing

Net debt at 31 October 2011 stood at £384.9 million up from £363.2 million at 31 October 2010. During the year, total capital increased by £26.7 million to £660.0 million at 31 October 2011 from £633.3 million at 31 October 2010. The net impact is that the gearing ratio was 58% at 31 October 2011 compared to 57% at 31 October 2010.

Refinancing

Our existing banking facilities run to 31 August 2013 and we have commenced discussion with our key lead banks and other potential partners about refinancing these facilities. Whilst only in their early stages initial responses have been encouraging.

Real estate investment trusts ("REITs")

In 2011 the UK Government announced proposed changes to legislation regarding REITs with the potential impact of removing a number of barriers to REIT status. REIT status provides exemption from certain aspects of UK taxation while placing a number of restrictions on the types of activities that can be undertaken by the business.

The Company currently benefits from carried forward tax losses and capital allowances which mitigate our tax position and have resulted in very limited cash tax payments to date. At present, the immediate tax advantages of conversion to REIT status are therefore limited and we believe our present status continues to remain appropriate.

We will continue to review the position and the optimal structure to generate value for shareholders.

"Given the strong cash flow characteristics of the business model, our robust funding and future commitments, the Board is pleased to recommend a final dividend of 3.55 pence per share bringing the total dividend to 5.30 pence per share for the year."

Dividend
Given the strong cash flow characteristics of the business model, our robust funding and future commitments, the Board is pleased to recommend a final dividend of 3.55 pence per share bringing the total dividend to 5.30 pence per share for the year. The Board remains confident in the prospects for the Group. This dividend reflects the appropriate balance between delivering short-term shareholder returns and building longer-term shareholder value by maintaining our investment in infrastructure and new store development.

Income tax
Income tax for FY2011 was a credit of £4.5 million against an expense of £2.9 million for FY2010. The actual tax payable for FY2011 was £365,000 (FY2010: £17,000) due to the availability of capital allowances in both the UK and France and the offset of French tax losses. The utilisation of losses in France is now annually restricted to €1 million and 60% of the remaining profits following the introduction of recent legislative changes. In respect of deferred tax, an exceptional credit of £6.6 million (FY2010: £3.5 million) arose following re-measurement due to changes in UK Corporation Tax rates which is explained further in note 20.

Profit for the year ("earnings")
Earnings were £13.0 million compared to £26.3 million for FY2010.

EPRA adjusted earnings, which is the earnings figure after adding back the gain/loss on investment properties, exceptional items, changes in fair value of derivatives and the tax thereon, increased by £0.7 million or 4.8% to £16.1 million for FY2011 from £15.4 million for FY2010. Further details of this are given in note 9.

Portfolio valuation

	£m	£m
Portfolio valuation at 31 October 2010		687.2
Adjusted for:		
– new stores opened in FY2011	25.2	
– UK like-for-like store valuation (see below)	(7.9)	
– French like-for-like store valuation (see below)	8.4	
– exchange gain	1.5	
		27.2
Portfolio valuation at 31 October 2011		**714.4**

Property valuation
Cushman & Wakefield has again valued the Group's property portfolio. As at 31 October 2011, the total value of the Group's portfolio (including £0.8 million of owner occupied properties) was £714.4 million. This represents an increase of £27.2 million or 4% over the £687.2 million valuation as at 31 October 2010. A reconciliation of the movement is set out above.

At the year end, the Group's property portfolio consisted of 119 trading stores. The freehold/long leasehold stores were valued at £576.5 million and the short leasehold properties, including the French commercial leases, were valued at £137.9 million. Freehold/long leasehold stores which make up 61% of the stores by number account for 81% of the valuation. The remaining 19% measured by value is attributable to the short leasehold portfolio.

The valuation at 31 October 2011 is £20.8 million up on 30 April 2011 which includes a £2.1 million exchange loss on the translation of the French assets at the relevant balance sheet dates. New stores have delivered around £6.2 million of additional value in the second half of the year with the like-for-like portfolio therefore delivering a valuation increase of £16.7 million. The existing UK store portfolio has delivered an increase of £2.8 million in the second half of the year enhanced by a £13.9 million increase in France.

The net impact of the valuation is for adjusted EPRA NAV per share to decrease marginally to 212.3 pence per share (31 October 2010: 212.6 pence per share).

Net cash flow

	Financial Year 2011 £'000	2010 £'000
Net cash inflow from operating activities	**25,649**	27,761
Net cash outflow from investing activities	**(36,649)**	(22,981)
Net cash provided by financing activities	**10,107**	(15,354)
Net (decrease) in cash and cash equivalents	**(893)**	(10,574)

The Group freehold exit yield for the valuation at 31 October 2011 was 7.82%, reflecting a 5 bps inward movement from 7.87% at 31 October 2010. The weighted average annual discount rate for the whole portfolio has followed a similar trend to exit yield.

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

Cash flows

The table above summarises the Group's cash flow activity during the FY2011 and FY2010 in accordance with IFRS.

Net cash inflow from operational activities

There are two main factors influencing the £2.1 million decrease in cash from operating activities in FY2011 compared to FY2010. This is made up of a combination of increased cash generated from operations offset by movements in working capital and increased interest payments.

Net cash outflow from investing activities

Cash outflow from investing activities has increased by £13.7 million to £36.6 million for FY2011 from £23.0 million for FY2010. Whilst there are several contributing factors affecting this movement it is mainly due to the increase in expenditure on investment and development assets. Expenditure on investment and development properties in FY2011 was £35.0 million, an increase of £11.7 million from £23.3 million in FY2010. The underlying level of expenditure on investment and development assets is running at very similar levels to last year, the main difference being the acquisition of the freehold interest in our Pentonville Road store for £11.5 million in the current financial year. In addition, we disposed of one non-core site in UK for £0.6 million in FY2010 with no similar disposals in FY2011.

Net cash inflow from financing activities

The cash flows from financing activities increased by £25.5 million in FY2011 to an inflow of £10.1 million from an outflow of £15.4 million in FY2010. This has several key factors which are set out on the face of the cash flow statement but mainly reflects the costs associated with the refinancing and realignment of the hedging arrangements concluded in FY2010.

Future liquidity and capital resources

The Group anticipates funding any future small to medium acquisitions or new store developments from available cash and borrowings. Borrowings under the existing bank facilities are subject to certain financial covenants and the Group is comfortably in compliance with its covenants at 31 October 2011 and, based on forecast projections, for a period in excess of twelve months thereafter. The debt facilities do not mature until August 2013.

Annual General Meeting

The meeting will be held on 21 March 2012 at the Group's registered office, Brittanic House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT.

Richard Hodsden
Chief Financial Officer
26 January 2012

Committed to operating in an ethically and socially responsible way

Safestore is committed to operating in an ethical and socially responsible manner. Throughout the year we have continued to evolve our stakeholder engagement programme based on our commitment to sustainable business practice

People

Safestore and our people

We place our people right at the heart of our business and are committed to promoting their learning and development, health, well being and ethical pursuits. We provide a healthy and safe environment for our people, customers, suppliers and contractors. Safestore always complies with current legislation and endeavours to continuously exceed legal requirements and local regulations by:

Health and safety

- conducting regular health and safety reviews across our estate inclusive of the review of risk assessments and accident reports to identify, control, prevent and nullify potential risks;
- ensuring our health and safety committee meets regularly to review issues, process, policy and actions harnessing a culture where health and safety always sits high on our agenda; and
- delivering accredited health and safety training and refresher training relevant to job role as standard to all employees.

Equality and diversity

- being an equal opportunities employer that maintains a workforce that reflects the uniqueness of the communities in which we operate;
- ensuring policies and practices are in place that treat all employees fairly and equally. All employees receive the same treatment regardless of their ethnic origin, gender, sex, sexual orientation, age, religion or belief, or disability;
- continuing to nurture the talents of our people and the benefit they bring to our varying business functions through a clearly defined and transparent competency framework;
- honing a culture of fair treatment regarding recruitment and promotion, making decisions solely based on ability, aptitude and role requirements as outlined in our competency framework; and
- maintaining an active succession planning strategy that considers the ability of internal employees before recruiting externally.

Work life balance

- delivering through our team members engagement programme support to our people in achieving a healthy work life balance;
- providing a range of initiatives that celebrate the cultural diversity of our colleagues including graduate internships, an apprenticeship scheme developed in association with Street League, a tax free cycle to work scheme and "Busy Bees" child support;
- encouraging our team members to engage in our accredited Careerstore training and development programme providing them with individual training and a tailored development path; and
- engaging in programmes that encourage our people to self learn and develop with funding for professional qualifications.

From Avril Jones
Human Resources Director

"Our in-house award-winning personal development programme, Careerstore, has been recognised by the Open College Network"

Our policy on our people:

We place our people right at the heart of our business and are committed to promoting their learning and development, health, well-being and ethical pursuits. We provide a healthy and safe environment for our people, customers, suppliers and contractors

Highlights

— We are delighted to announce that our in-house award-winning personal development programme, Careerstore has been "centre recognised" by the OCN (Open College Network), enabling us to run OCN accredited courses. During the year 64 team members achieved individual Careerstore success putting them well on the way to achieving a nationally recognised qualification for their efforts.

— We are pleased to have extended our partnership with Street League, a charity which changes lives through football who is committed to getting the most disadvantaged young people from NEET (not in education, employment or training) groups into the workplace. Thanks to the Future Jobs Fund, the Safestore–Street League Partnership saw one apprentice recruited into a permanent position with Safestore at the end of the last financial year. This year the partnership grew, with a further five individuals completing apprenticeships within our business. The apprentices provided valuable support to our operations teams and, with the guidance of dedicated mentors, undertook documented training and development activities. Their time with us culminated in an end of placement certificate and reference starting them on their journey to obtaining employment in the future.

— Our intern programme once again proved highly popular and attracted a wide range of graduates from diverse disciplines. Eight internships were offered to graduates within our head office and operations teams, enabling them to gain valuable work place experience relevant to their chosen career path. All interns progressed to secure permanent positions at Safestore.

— As an "Investors in People" organisation since 2003 our aim is to be an employer of choice and we passionately believe that our continual success is dependent on our highly motivated, well trained team members. We are delighted that for the year 10/11 our people have participated in 26,584 hours of training time.

— For the fourth consecutive year we were awarded the Payroll Giving Bronze Award. This recognises our commitment to support UK charities in achieving sustainable income streams by providing our team members with the ability to donate to any UK charity through the Payroll Giving Scheme.

— 36 team members were successfully promoted to a more senior position. Despite the prevailing economic climate this is a similar level to the prior year.

— During the year we have introduced a store buddy scheme backed up with regional support staff and state of the art radio systems, further enhancing the security of our teams.

"As an 'Investors in People' organisation since 2003 our aim is to be an employer of choice and we passionately believe that our continual success is dependent on our highly motivated, well trained employees."

Our policy on community:

We strive to actively seek out innovative solutions to engage our business with the local communities in which we operate. Our primary goal is to optimise the use of available resources so that our support is far reaching, exceeding that of a cash value or donation through the effective deployment of the unique skills and resources our business has to offer.

Successful partnerships

"Last year Safestore saved Scope around £25,000 by generously providing free storage. In addition, their employees from across the UK collected an incredible 1,760 bags of quality stock worth over £35,000 in just one week for Scope's shops. The company also donated £500 to Scope for the use of the charity's Christmas e-card design. Our utmost thanks to everyone at Safestore for their support throughout 2011. We look forward to an equally successful year ahead to help continue our work with disabled people and their families."

Richard Hawkes
Chief executive
Scope

scope
About cerebral palsy.
For disabled people achieving equality.

Social responsibility

Safestore and our community

We strive to actively seek out innovative solutions to engage our business with the local communities in which we operate. Our primary goal is to optimise the use of available resources so that our support is far reaching, exceeding that of a cash value or donation through the effective deployment of the unique skills and resources our business has to offer.

We will:

- provide national charity support through partnering with a charity of the year striving to build long-term relationships;
- provide local support for the communities in which we operate through our "charity room in every store" scheme;
- use our communications platform to assist charitable partners in raising awareness of their cause inspiring others to get involved;
- consider requests for community support helping initiatives where we feel our available resources can add the most value; and
- meet our charitable partners regularly to nurture existing relationships and objectively consider new charitable requests.

Our policy on our marketplace:

We focus our approach on providing easily accessible and clearly communicated information on our business to all interested parties including investors and shareholders, customers, team members, suppliers and third party advisors.

Highlights

— For the third year running we were delighted to partner Scope as our "charity of the year". This saw us grow our donation of free storage space by 39% further enabling Scope to provide support to vital projects and services with the benefit of improving the lives of disabled people. A highlight in our charity calendar was the launch of "Dash to donate" which brought together Safestore and Scope communities in an engaging event raising in excess of £35,000 in donated stock.

— During the year we partnered Crisis, supporting their Crisis at Christmas campaign. This involved 42 of our stores located in Crisis centre catchments collecting donated items, helping Crisis to provide vital services for homeless and vulnerably housed people.

— We continue to work to make a positive contribution to our local communities and have further expanded our charity room in every store scheme in line with our property portfolio expansion. In addition we are passionate in providing a fun, engaging and vibrant workplace which enables our people to participate in a diverse range of fundraising days. Examples include Comic Relief, Children In Need and the Royal Parks half marathon.

Corporate responsibility ("CR")

At Safestore our Corporate Social Responsibility programme plays a key role in how we shape and run our business. During the year we have developed our strategic plan which has been endorsed by the Group Board and Department Heads. This enables our people to play a pivotal role in developing Safestore in a sustainable, socially inclusive and ethically responsible manner.

Our strategic approach is consistent with our overall purpose statement and Company values. This ensures that our CR commitment is embedded in every part of our business, delivering maximum value to our internal and external stakeholders.

When setting objectives and evaluating results we focus on four primary areas: our marketplace, our people, our community and our environment, encapsulated into key policy statements. Chaired by our Operations Director our CR committee is responsible for the delivery of our strategic plan working cross functionally with our colleagues to deliver maximum benefit.

Highlights

— For the third year in succession our efforts have been recognised through continuing membership of the FTSE 4 Good Index.

— During the year we have expanded our community programme and are delighted to be working in Partnership with Crisis on their Christmas campaign assisting homeless and vulnerably housed people.

— We were delighted to continue our association with Street League with further involvement in the Safestore and Future Jobs Fund Partnership which saw six apprentices join forces with our business.

Safestore and our marketplace

We focus our approach on providing easily accessible and clearly communicated information on our business to all interested parties including investors and shareholders, customers, team members, suppliers and third party advisors.

We will:

— maintain a customer engagement programme that continually aspires to deliver "best in class" standards of customer service;

— support the evolution of the broader self-storage sector and actively participate in industry forums and conferences to share best practice;

— be an active member of the Self Storage Association; and

— work proactively with council planners and the broader community regarding our new store expansion programme.

Highlights

— For our shareholders and bankers we completed an Investors Relations site refresh in line with industry best practice, increasing the accessibility of information on company performance.

Our policy on the environment:

We place sustainable business practice high on our agenda and are proactive in seeking out solutions that deliver a positive net impact on the environment.

Supporting our communities

"In this age of austerity it is fantastic that organisations such as Safestore can see the potential in providing employment opportunities to young people from disadvantaged backgrounds. Street League is delighted to work with Safestore, and hope to continue this relationship in the future."

Matt Stevenson-Dodd
Chief executive officer
Street League

STREET LEAGUE

Social responsibility continued

Safestore and our marketplace continued

Highlights continued

— For our colleagues and customers we launched our Space Specialists programme describing how we aspire to deliver a bespoke storage solution to meet individual needs. Our Space Specialists' ethos is built on our commitment to deliver an outstanding first impression, taking the time to get to know our customers so that we can provide the right storage solution for them.

— Customer feedback is pivotal enabling us to shape our business to customer needs, fulfilled via the service delivery channel of choice. During the year we have participated in a rich variety of qualitative and quantitative surveys to gauge opinion. Examples include customer profiling and segmentation, market awareness and customer opinion studies.

— We are delighted to report that we have expanded our Customer Support Centre ("CSC"), investing in additional headcount and information technology infrastructure. With the ever-quickening pace of technology we continuously seek out innovative ways of working to accommodate customer preference and have extended CSC opening hours based on current demands. At Group level our call centre expertise has benefited the development of our UPP call centre enabling us to replicate this successful model across our European platform.

What we've achieved in 2011

- Successfully rolled out Space Specialist training programme for all UK team members and now leveraging it across the French division.
- In-house personal development programme, Careerstore, has been "centre recognised" by the OCN, enabling us to run OCN accredited courses.
- We continue to meet the CR inclusion criteria for the FTSE4Good Index retaining our membership of the FTSE4Good Index series, the leading global responsible investment index.

— For the fourth consecutive year store and head office teams took part in National Customer Service Week with our chosen theme being "Customer Champions".

— The vast majority of our customers are interacting with us on the Web and we are delighted to report an increase in our year on year Web Net Promoter Score ("NPS") of 3.2% and 0.4% across all channels.

Safestore and our environment

We place sustainable business practice high on our agenda and are proactive in seeking out solutions that deliver a positive net impact on the environment.

When carrying out our business activities Safestore endeavours to:

— be sensitive in the use of scarce resources, minimising waste production and promoting reuse and recycling where possible;

— communicate our commitment to the environment throughout our business;

— continue to deploy cardboard waste disposal across our estate;

— use our communications platform to promote conservation activities to our main stakeholders;

— ensure the safe handling and disposal of products;

— support ethical purchasing by minimising the environmental impact of the products we buy and sell;

— consider eco design solutions when building new stores and achieve a "Very Good" BREEAM rating; and

— actively seek out green energy solutions.

Highlights

— Building and operating our stores to highly sustainable, ethical and environmentally friendly standards continues to be of high importance. We are proactive in ensuring that environmentally friendly opportunities are regularly reviewed and we work with suppliers and third parties to ensure that we run our business with diligent consideration for the environment in which we operate. An example of this is our use of PIR sensors to control lighting systems in all new stores, ensuring that only areas of the store that are in use by customers or staff are lit, minimising usage of these resources.

— Our latest store opening at New Southgate produces at least 20% renewable energy. This is achieved through a combination of air to air heat source pump technology and photovoltaic cells on the roof. The use of recycled and sustainably resourced materials has become integral to new store development. In addition our programme of active waste management has resulted in more than 90% of waste materials now being recycled.

— Our approach to sustainable development led to the BRE awarding our Barking store, which opened the previous year in September 2010, a "Very Good" rating under BREEAM, the world's foremost environmental assessment method and rating system for buildings. Safestore is additionally achieving a minimum of a "B" EPC (Energy Performance Certificate) rating for energy performance on all new stores and we continue to strive for this as a minimum standard.

— We remain committed to reducing waste and are passionate about recycling scarce resources, for example, by using recycled cardboard in our box range. The deployment of cardboard recycling and our continuing "Box for Life" scheme provides a "closed loop", generating savings that have slightly increased year on year protecting approximately 3,000 trees from being felled and saving 25 million litres of water from consumption, an increase of 4% year on year. In addition, by using the latest recycled paper technology we have reduced the amount of fibre in each box by over 5% without affecting its strength or performance.

— We continue to work in close partnership with our suppliers to ensure our combined environmental effort exceeds the sum of our individual parts. For example, our packaging supplier (Ecopac) has moved to 100% solar power for their operation as part of the Westcott Venture Park sustainable energy project. In addition, the number of road journeys to deliver packing materials to our stores has fallen by 12% year on year.

— During the period we achieved a full complement of eco bubble in a biodegradable bag products to meet varied packaging needs and our deployment of greentricity has expanded in line with portfolio growth.

Risks and risk management

The Group regularly reviews the risk within the Group. Risk management is a dynamic and critical business function as it is important to help achieve long-term shareholder value and protect our business, people, assets, capital and reputation. It is a fundamental aspect of the business and is subject to regular and ongoing reviews. We continually identify and manage those risks and opportunities that could affect Safestore and the achievement of our business plans and strategic objectives. Our approach is aimed at early identification of key risks, reducing or removing those risks and/or responding quickly and effectively when a risk crystallises. In each instance, where possible, we seek to mitigate risks in order to reduce risk to an acceptable level.

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

Managing our risks

The key strategic and operational risks are monitored by the Board and are defined as those which could prevent us from achieving our business goals. Our current strategic and operational risks and key mitigating actions are as follows:

Risk	Mitigation activities
Strategy risk **The Group develops business plans based on a wide range of variables. Incorrect assumptions about the self-storage market or changes in the needs of customers, or the activities of customers may adversely affect the returns achieved by the Group.**	— The strategy development process draws on internal and external analysis of the self-storage market, emerging customer trends and a range of other factors. — The portfolio is geographically diversified with performance regularly reviewed.
Finance risk **Lack of funding resulting in inability to meet business plans, satisfy liabilities or breach of covenants.**	— Funding requirements for business plans are reviewed regularly. — The Group manages liquidity in accordance with Board approved policies designed to ensure that the Group has adequate funds for its ongoing needs. — The Board monitors financial covenant ratios and headroom closely. — The existing banking facilities run to 31 August 2013 and discussions with the Group's key lead banks and other potential partners about refinancing these facilities have commenced. Whilst only in their early stages initial responses have been encouraging.
Treasury risk **Adverse currency or interest rate movements.**	— Guidelines set for our exposure to fixed and floating interest rates and use interest rate and currency swaps to manage this risk. — Foreign currency denominated assets financed by borrowings in the same currency where appropriate.
Property investment and development **Acquisition and development of properties that fail to meet performance expectations.** **Overexposure to developments within a short timeframe.**	— Thorough due diligence conducted and detailed analysis undertaken prior to Board approval for property investment and development. — The Group's overall exposure to developments is monitored and projects phased. — The performance of individual properties is benchmarked against target returns.

Risk	Mitigation activities
Valuation risk **Value of our properties declining as a result of external market or internal management factors.**	— Independent valuations conducted six-monthly by external professionally qualified valuers. — A diversified portfolio let to a large number of customers should help to mitigate any negative impact arising from changing conditions in the financial and property market. — Headroom of loan to value banking covenants is maintained and reviewed.
Occupancy risk **A potential loss of income and increased vacancy due to falling demand, oversupply, or customer default.**	— Personal and business customers cover a wide range of segments, sectors and geographic territories with limited exposure to any single customer. — Weekly monitoring of occupancy levels and update of pricing at each store. — On-site staff maintain regular contact with customers and local monitoring of competitor offers. — Monitoring of reasons for customers vacating and exit interviews conducted. — The occupancy rate across the portfolio has been improving through 2011 due to flexibility offered on deals by in-house marketing and customer support centre.
Energy risk **Reductions in energy usage are not achieved resulting in excessive costs.**	— Ongoing upgrading of lighting and heating and review and monitoring of energy consumption. — Full compliance with carbon reduction commitment regulations.
Business organisation and human resources **Failure to recruit and retain key staff with appropriate skills and calibre.**	— Recruitment procedures and the remuneration structure are regularly reviewed and benchmarked. — Succession plans are monitored for all senior positions.
Business interruption risk **Major events mean that the Group is unable to carry out its business for a sustained period.**	— Business continuity plans in place and tested. — Back-up systems at remote places and remote working capabilities. — Following the fire at the Paris La Défense store in December 2010, further reviews and assessments undertaken for enhancements to supplement the existing compliant aspects of buildings and processes.
Reputational risk **Failure to meet customer and external stakeholder expectations.**	— Customer surveys undertaken and results acted upon. — Training and mystery shopper initiatives undertaken. — Regular communication with our stakeholders.

Board of Directors
Director biographies

Richard Grainger
Non-Executive Chairman

Richard Grainger joined the Board in February 2007 as a Non-Executive Director and was appointed Chairman in March 2008. After graduating from Oxford University, Mr Grainger qualified as a chartered accountant at Price Waterhouse. He started at Hill Samuel Bank Limited in 1987 and subsequently joined Close Brothers Corporate Finance Limited ("CBCF") in 1996. In 2001, Mr Grainger was appointed chief executive of CBCF having previously run the Leisure and Retail team and founded CBCF's Corporate Restructuring Group. He departed from CBCF as chairman in June 2009 having also been a member of the management board of Close Brothers Group plc for six years. He is also chairman of Ipes Guernsey (Holdings) Limited, a fund administration business. Mr Grainger is an associate member of the Institute of Chartered Accountants in England and Wales.

Peter Gowers
Chief Executive Officer

Peter Gowers joined the Group on 1 February 2011 and became Chief Executive on 1 March 2011. Mr Gowers began his career at Arthur D Little before joining the strategy group of Bass PLC in 1999. He joined Bass's hotel division as head of strategy in 2001 and became head of global brand services for InterContinental Hotels Group plc ("IHG") in 2003 before being appointed as IHG's chief marketing officer in 2005 and as chief executive, Asia-Pacific in 2007. Mr Gowers has a First Class BA (Hons) Law Degree from Keble College, University of Oxford.

Richard Hodsden
Chief Financial Officer

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

Alan Lewis

Non-Executive Director

Alan Lewis joined the Board in June 2009 as a Non-Executive Director. He is non-executive chairman of both Leeds Bradford International Airport Limited and Porterbrook, a train leasing business. He is also chairman of National Friendly, a mutual society involved with medical insurance and savings plans. Mr Lewis is a graduate of Liverpool University and holds an MBA from Manchester Business School.

Adrian Martin

Senior Independent Director

Adrian Martin joined the Group in September 2008 as a Non-Executive Director and Chairman of the Audit Committee. Mr Martin is a fellow of the Institute of Chartered Accountants in England and Wales. He is currently Executive Chairman of RSM Tenon Group plc, a non-executive director of M&C Saatchi plc, Morgan Sindall plc, and H R Owen plc. From 2001 to 2011, Mr Martin was Honorary Treasurer of the Disasters Emergency Committee. He worked at BDO Stoy Hayward for 30 years and was managing partner from 1991 to 2000. Mr Martin was chief executive of the law firm Reynolds Porter Chamberlain LLP and he was a non-executive director of Carphone Warehouse Group plc for eight years until July 2008.

Keith Edelman

Non-Executive Director

Keith Edelman joined the Group in September 2009 as a Non-Executive Director and was appointed Chairman of the Remuneration Committee in March 2010. He is currently chairman of Connaught Bookmakers and NIRAH Holdings Limited, the senior independent director of Supergroup Plc, non-executive chairman of Beale Plc and non-executive director of the Olympic Park Legacy Company from 2000 to 2008, he was managing director of Arsenal Holdings Plc and was responsible for the £435 million development and operation of Emirates Stadium and the £350 million residential development at Highbury Square. Prior to this, he was the chief executive of Storehouse Plc, managing director of Carlton Communications Plc and corporate planning director of Ladbroke Plc. Mr Edelman was previously a non-executive director of Eurotunnel Plc and non-executive chairman of Glenmorangie Public Limited Company.

Frederic Vecchioli

Executive Director

Frederic Vecchioli is a founding Director of our French business and has overseen its growth to 23 stores in Paris operating under the 'Une Pièce En Plus' brand. He joined the Group as President and Head of French Operations following the Mentmore acquisition in 2004. Mr Vecchioli has a Master of Finance from the University of Paris Dauphine.

Executive team members

Biographies

Sam Ahmed

Company Secretary

Sam Ahmed has worked for the Group since 2004 and was appointed Company Secretary in May 2008. He previously held the position of head of corporate compliance for Mentmore plc for eight years. Mr Ahmed has worked in public practice for 15 years, including five years as a general practitioner with his own firm. He qualified as a chartered accountant with the Institute of Chartered Accountants in England and Wales in 1986.

Dave Cox

Head of Sales and Marketing

Dave Cox joined Safestore in March 2011 as the Head of Sales and Marketing. Mr Cox began his career in 1997 working for Thomson Holidays holding a range of marketing positions. He then moved to National Express Group in 2001, becoming the head of marketing for their trains division before leaving in 2006 to join AXA Insurance. He held several positions within AXA including head of marketing for their personal lines insurance and head of marketing for their intermediary partners. Mr Cox holds a masters degree in marketing and is a guest lecturer for the London Guildhall University and the London School of Marketing.

Andy Brandwood

Operations Director, Safestore UK

Andy Brandwood joined the Group in March 2010 as Operations Director. He previously held the position of customer and stores director at Carphone Warehouse plc. Prior to that Mr Brandwood was divisional manager at BP Oil plc's retail division. Mr Brandwood began his career in Dixons Stores Group plc where he held a variety of field-based, head office and trading roles, from store manager through to senior operational leadership roles in Dixons, The Link, Dixons airport retail and Currys.

David Davies

Business Development Director

David Davies joined the Group in 2000 as Head of Operations and was appointed a Divisional Director after the Mentmore acquisition. He became Business Development Director in 2009 and his responsibilities include the Space Maker management contract. He is currently the vice chair of the UK Self Storage Association. Before joining the Group, Mr Davies, who has 35 years' retail experience across various sectors, was director of trading at Petsmart.

David Penniston

Property Director

David Penniston joined the Group in March 2008. Mr Penniston was formerly with Whitbread where he was UK and Ireland development director having joined the Whitbread group in 2003 as property director of David Lloyd Leisure. Prior to that Mr Penniston was with Waitrose where he was head of development and previous to that was with Sainsbury's for ten years where his last position was head of property and development for the hypermarket division. Mr Penniston is a Member of the Royal Institution of Chartered Surveyors.

Avril Jones

Human Resources Director

Avril Jones has more than 20 years of human resources experience and has served as Human Resources Director for the Group since 2004. Prior to joining Safestore, Avril worked for a variety of retailers including Argos, Safeway, Texas Homecare and Boots. Ms Jones is a chartered Member of the Institute of Personnel and Development. Ms Jones holds an MBA from Henley Management Centre.

Introduction
The Remuneration report sets out the Group's policy on the remuneration of Executive and Non-Executive Directors together with details of the Directors' remuneration packages and service contracts. The report has been prepared in accordance with Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Listing Rules and describes how the Board has applied the principles relating to directors' remuneration in the UK Corporate Governance Code. This report has been divided into separate sections for audited and unaudited information.

A resolution to approve this report will be proposed at the Annual General Meeting ("AGM") to be held on 21 March 2012.

Unaudited information
Remuneration Committee
The Remuneration Committee (the "Committee") comprised independent Non-Executive Directors and the Group Chairman throughout the year ended 31 October 2011, namely:

Committee members	From	To
Keith Edelman (Committee Chairman)	11 December 2009	to date
Richard Grainger	1 February 2007	to date
Alan Lewis	23 March 2011	to date

No member of the Committee has any personal financial interest (other than as shareholders), conflicts of interest arising from cross directorships or day-to-day involvement in running the business. No Director plays a part in any discussion about his own remuneration. The remit of the Committee is limited to consideration of the remuneration of the Group Chairman (with the Group Chairman absent from such discussions), Executive Directors and certain members of the senior management team and to approve the long-term incentive awards granted under the schemes operated by the Group. The Committee's terms of reference are available on the Group's website at www.safestore.com. The Committee received advice from New Bridge Street during the year. Terms of reference for New Bridge Street, which provided no other services to the Company, are available on request from the Company Secretary.

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

When setting Executive Directors' remuneration, the Committee endeavours to ensure that all Directors are provided with appropriate performance related and non-performance related pay to encourage enhanced performance and that they are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group. The Committee also considers pay and conditions elsewhere in the Group, environmental, social and governance issues and risk when reviewing executive pay quantum and structure.

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

Basic salary and benefits
Basic salary is determined by reference to the individual's experience, performance, responsibility and pay levels across the Group more generally. In addition, the Committee reviews periodically basic salary levels within similarly sized listed real estate and pan-sector companies although the Committee is careful not to place excessive reliance on the use of external comparator analysis. The Committee reviewed basic salary levels during the year. Current basic salary levels for Executive Directors effective 1 November 2011 and prior year salaries are presented below:

		From 1 November 2011	From 1 November 2010 (or appointment to the Board if later)
P D Gowers	Chief Executive Officer	£325,000	£315,000
R D Hodsden	Chief Financial Officer	£216,000	£210,000
F Vecchioli	Executive Director	€206,000	€200,000

The increases to base salaries were arrived at after careful consideration by the Committee of both Group and individual performance over the past year and after considering the increase awarded across the general workforce. Taxable benefits include a car allowance, life insurance, private medical and dental insurance.

Unaudited information continued

Annual bonus

The Committee operated an annual bonus plan for Executive Directors during FY2011. The maximum bonus was set at 100% of basic salary with measurement based upon sliding scale EBITDA and personal objectives set at the start of each financial year, as set out below:

Measures	Bonus potential
EBITDA	80%
Personal objectives	20%

In addition to the above, EBITDA must be greater than the previous financial year for any bonus to be payable. Details of actual amounts paid to Executive Directors for the year ended 31 October 2011 are presented within the emoluments table on page 41.

The FY2012 annual bonus plan for Executive Directors will be similar in design to the plan for FY2011, based on a combination of EBITDA and personal objectives in the ratio of 80:20 and the requirement to grow absolute EBITDA. The maximum bonus payable will remain at 100% of basic salary. Specific targets for FY2012 have not been disclosed as they are considered to be commercially sensitive, although the Committee is satisfied that they will be demanding and require performance significantly better than budget for full payout.

Performance Share Plan

The 2009 Performance Share Plan ("PSP") is the Group's primary long-term incentive arrangement. The key terms of the PSP are as follows:

— the PSP has a normal maximum annual limit of 150% of basic salary, with a 200% of basic salary annual limit in exceptional circumstances (such as recruitment or retention);

— awards are normally granted in February each year and the normal PSP grant policy is set at 125% of basic salary (although awards were reduced to 115% of salary in 2011 to reflect the reduction in the profit before tax earnings per share ("PBT-EPS") growth targets). That said, as disclosed last year, to facilitate his recruitment, the Chief Executive received an award of 200% of salary in February 2011, reverting to the normal grant policy thereafter;

— participants benefit from the value of dividends paid over the vesting period to the extent that awards vest. This benefit is delivered in the form of cash or additional shares at the time that awards vest;

— two-thirds of awards granted in 2011 are subject to the PBT-EPS condition. 25% of this part of an award vests for PBT-EPS growth of RPI+2% per annum with full vesting of this part of an award for PBT-EPS growth of RPI+6% per annum. A sliding scale operates between these points;

— the remaining one-third of awards granted in 2011 are each subject to a total shareholder return ("TSR") condition based on the Group's performance against other FTSE SmallCap companies (excluding investment trusts) as at the date of grant. 25% of this part of an award vests if Safestore's TSR is at a median of the ranking of the TSRs of the comparator group, with full vesting of this part of an award for upper quartile performance. A sliding scale operates between these points. In addition to the above, no part of the TSR awards will vest unless the Committee is also satisfied that the TSR performance of the Group is reflective of the Group's underlying performance; and

— it is intended that PSP awards granted to Executive Directors in FY2012 will be granted on an identical basis to the 2011 awards.

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

Claw-back

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

Shareholding guidelines

Consistent with best practice, the Committee operates shareholding guidelines for Executive Directors at a level equal to 100% of basic salary. Until such time as this level of shareholding is achieved, 50% of the net of tax value of awards that vest under the PSP will be required to be retained.

Sharesave scheme

A Sharesave scheme is open to all employees (including Executive Directors). The Sharesave scheme meets HM Revenue & Customs approval requirements, thereby giving all eligible employees the opportunity to acquire shares in the Company in a tax-efficient manner.

Unaudited information continued

Pension arrangements

The Committee reviews the pension arrangements for the Executive Directors to ensure that the benefits provided are consistent with those provided by other similar companies. The Group does not offer a defined benefit pension scheme and instead it makes contributions to an approved personal pension scheme of the Executive Director's choice, contributions under compulsory legislative pension arrangements, or payments to the Director in lieu of pension contributions because of individual circumstances. The Group contributes 15% of basic salary for the pension arrangements of Richard Hodsden and Peter Gowers, and, in line with the compulsory social security contribution requirements in France, an amount for Frederic Vecchioli which equated to 20% of base salary for the year ended 31 October 2011.

Service contracts

Executive Director service contracts contain a notice period of one year and do not contain contractual termination payments.

Director	Date of current service contract	Notice period
P D Gowers	17 January 2011	12 months
R D Hodsden	9 March 2007	12 months
F Vecchioli	25 September 2006	12 months

Outside appointments

The Board allows Executive Directors to accept appropriate outside commercial non-executive director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services, which will be subject to approval by the Board. No non-executive directorships were held by the Executive Directors during the year.

Non-Executive Directors

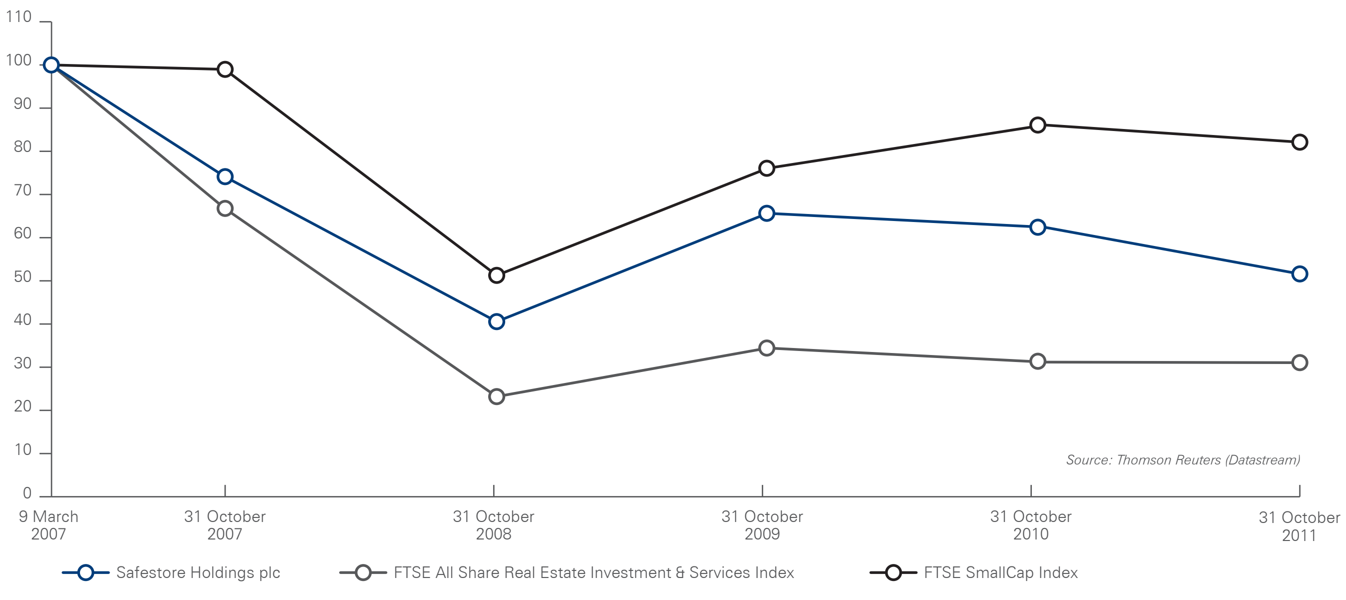
The Group's policy is to appoint Non-Executive Directors to the Board with a breadth of skills and experience that is relevant to the Group's business. Appointments are made by the Board upon the recommendations and advice from the Nomination Committee.

Non-Executive Directors receive fixed fees agreed by the Executive Directors after reference to similar roles in an appropriate comparator group of companies and reimbursement of expenses incurred in attending Board and other meetings. It is the Board's policy for Non-Executive Directors to be paid a level of fee that reflects the time commitment and responsibilities of the role and is sufficient to attract individuals with appropriate knowledge and experience. Non-Executive Directors do not receive an annual bonus, but may receive additional remuneration where the time commitment required due to unusual circumstances exceeds the normal commitments and responsibilities. The Non-Executive Directors received no other benefits in the year ended 31 October 2011 (FY2010: £nil). The Non-Executive Directors do not have service contracts but their appointments are subject to review every three years under the rotation provisions of the Company's Articles of Association. They all have notice periods of three months.

Performance graph

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

Total shareholder return



This graph shows the value, by 31 October 2011, of £100 invested in Safestore Holdings plc on 9 March 2007 (the Company's flotation date) compared with the value of £100 invested in the FTSE SmallCap Index and the FTSE All Share Real Estate Investment & Services Index. The other points plotted are the values at intervening financial year ends.

Audited information

Directors' remuneration

	Salary and fees £'000	Annual bonus £'000	Benefits £'000	Other payments £'000	**Total 2011 £'000**	Total 2010 £'000
Executive Directors						
P D Gowers[1,2]	236	139	15	—	**390**	—
R D Hodsden[3]	210	115	17	—	**342**	370
F Vecchioli[1,4]	105	62	1	—	**168**	—
S W Williams[5]	105	—	13	455	**573**	562
Non-Executive Directors						
R S Grainger[6]	115	—	—	—	**115**	90
A H Martin	45	—	—	—	**45**	45
A S Lewis[7]	33	—	—	—	**33**	25
K G Edelman	45	—	—	—	**45**	41
Former Directors	—	—	—	—	**—**	19
Total emoluments	894	316	46	455	**1,711**	1,152

Notes

1 P D Gowers was appointed to the Board on 1 February 2011 (appointed Chief Executive on 1 March 2011). F Vecchioli was promoted to the Board on 23 March 2011.

2 P D Gowers received a bonus of £139,000 for the year ended 31 October 2011, comprising £97,000 in respect of performance against underlying EBITDA measures and £42,000 in respect of performance against personal objectives.

3 R D Hodsden received a bonus of £115,000 for the year ended 31 October 2011, comprising £86,000 in respect of performance against underlying EBITDA measures and £29,000 in respect of performance against personal objectives.

4 F Vecchioli received a bonus of £102,000 for the year ended 31 October 2011, comprising £71,000 in respect of performance against underlying EBITDA measures and £31,000 in respect of performance against personal objectives. The amounts shown in the table above relate to the period following Mr Vecchioli's appointment as a Director.

5 S W Williams stepped down from the Board on 28 February 2011 and left the Company on 30 April 2011. Other payments relate to the payment of base salary, pension and benefits over the individual's notice period in line with the individual leaving arrangements and contractual provisions, including £393,000 compensation for loss of office. No amounts were payable in relation to an annual bonus for the proportion of the 2011 financial year worked.

6 Consistent with the Non-Executive Director fee policy, which enables individuals to receive additional fees where the time commitment required exceeds normal circumstances, the Committee (with R S Grainger excluded) determined that R S Grainger should receive £25,000 in relation to significant additional time commitments surrounding the departure of S W Williams and recruitment of P D Gowers during the early part of 2011.

7 A S Lewis' fees were paid to Bridgepoint Capital Limited until 19 January 2011.

Company contributions to the money purchase pension arrangements/payments in lieu of pension contributions for individual Executive Directors were as follows:

	2011 £'000	2010 £'000
P D Gowers	**35**	—
R D Hodsden	**32**	30
F Vecchioli	**—**	—
S W Williams	**24**	45
	91	75

Audited information continued

Performance Share Plan

Executive Directors' interests under the PSP are as follows:

	Date of grant	Share price on grant	As at 1 November 2010	PSP awards granted	**As at 31 October 2011**	Vesting date
P D Gowers						
	2 February 2011	142.0p	—	439,791	**439,791**	2 February 2014
			—	439,791	**439,791**	
R D Hodsden						
	27 March 2009	55.0p	405,603	—	**405,603**	27 March 2012
	24 February 2010	136.0p	183,823	—	**183,823**	24 February 2013
	2 February 2011	142.0p	—	168,586	**168,586**	2 February 2014
			589,426	168,586	**758,012**	
F Vecchioli						
	27 March 2009	55.0p	326,462	—	**326,462**	27 March 2012
	24 February 2010	136.0p	141,092	—	**141,092**	24 February 2013
	2 February 2011	142.0p	—	137,747	**137,747**	2 February 2014
			—	137,747	**605,301**	
S W Williams*						
	27 March 2009	55.0p	608,407	—	**608,407**	27 March 2012
	24 February 2010	136.0p	275,735	—	**275,735**	24 February 2013
			884,142	—	**884,142**	

* Following his departure, PSP awards held by S W Williams will vest at the normal vesting date, subject to performance conditions.

The PSP awards are subject to continued service over three years and the following performance targets:

— 2009 and 2010 Awards: Two-thirds of an award is subject to a PBT-EPS condition. 25% of this part of an award vests for PBT-EPS growth of RPI+3% per annum with full vesting of this part of an award for PBT-EPS growth of RPI+8% per annum. A sliding scale operates between these points.

— 2011 Awards: Two-thirds of an award is subject to a PBT-EPS condition. 25% of this part of an award vests for PBT-EPS growth of RPI+2% per annum with full vesting of this part of an award for PBT-EPS growth of RPI+6% per annum. A sliding scale operates between these points.

— 2009, 2010 and 2011 awards: The remaining one-third of an award is subject to the TSR condition based on the Group's performance against other FTSE SmallCap companies (excluding investment trusts) as at the date of grant. 25% of this part of an award vests if Safestore's TSR is at a median of the ranking of the TSRs of the comparator group, with full vesting of this part of an award for upper quartile performance. A sliding scale operates between these points. In addition to the above, no part of the TSR awards will vest unless the Committee is also satisfied that the TSR performance of the Group is reflective of the Group's underlying performance.

Audited information continued

Safestore Bonus Share Plan

The first and only grant under the Safestore Bonus Share Plan ("SBSP") was made in January 2008. As a result of the performance condition not being met (the average PBT-EPS for the three financial years following FY2007 being not less than the FY2007 PBT-EPS), all SBSP outstanding awards lapsed on 31 January 2011.

	As at 1 November 2010	Shares lapsed	As at 31 October 2011	Vesting date
S W Williams	171,779	171,779	—	31 January 2011
R D Hodsden	89,979	89,979	—	31 January 2011

Sharesave

	As at 31 October 2010	Granted/lapsed during the year	As at 31 October 2011	Exercise price	Exercise period set at grant
S W Williams	13,745	13,745	—	118.4p	1 September 2013 to 28 February 2014
R D Hodsden	11,139	11,139	—	147.0p	1 September 2012 to 28 February 2013
P D Gowers	—	8,677	8,677	104.0p	1 September 2014 to 28 February 2015
R D Hodsden	—	8,677	8,677	104.0p	1 September 2014 to 28 February 2015

No consideration was payable in respect of the grant of options under the Sharesave scheme. Options expire at the end of the exercise period shown in the table above. No options held by Executive Directors were exercised or expired during the financial year ended 31 October 2011. The mid-market price of the shares at 31 October 2011 was 103.5 pence and the range during the year was 93.25 pence to 157.0 pence.

Unaudited information

Interests in shares

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

The Company – ordinary shares of 1 pence	25 January 2012 Number	31 October 2011 Number	31 October 2010 Number
Executive Directors			
P D Gowers	100,000	100,000	n/a
R D Hodsden	3,364,988	3,364,988	3,364,988
F Vecchioli	1,151,331	1,151,331	n/a
S W Williams	n/a	n/a	8,427,579
Non-Executive Directors			
R S Grainger	100,833	100,833	100,833
A H Martin	20,000	20,000	20,000
A S Lewis	—	—	—
K G Edelman	—	—	—

All Directors' interests are beneficially held.

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

K G Edelman
Chairman of the Remuneration Committee
26 January 2012

Audit Committee report

The Audit Committee comprises Adrian Martin (Chairman) and Keith Edelman. Meetings of the Audit Committee are also attended when appropriate by the Chief Executive and the Group Chief Financial Officer as well as the Group's external auditors. The Board has satisfied itself that at least one member of the Committee has recent and relevant financial experience and is confident that the collective experience of Committee members enables it to be effective.

The Audit Committee's principal responsibilities are:

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

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

— to make recommendations to the Board in relation to the appointment of the external auditors and oversee the relationship with the external auditors; and

— to monitor the statutory audit of the annual and consolidated accounts.

The full terms of reference of the Audit Committee, which comply with the UK Corporate Governance Code 2010, are available on the Group's website at www.safestore.com.

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

During the period under review, the Audit Committee has:

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

— assessed the effectiveness of the external audit process;

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

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

— reviewed announcements relating to the Group's financial performance during the financial year.

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

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

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

PricewaterhouseCoopers LLP have been the Company's auditors since 2003. The Audit Committee considers that the relationship with the auditors is working well and remains satisfied with their effectiveness and hence has recommended to the Board that they are proposed for re-appointment. Accordingly, it has not considered it necessary to date to require the firm to tender for the audit work. There are no contractual obligations restricting the Company's choice of external auditors.

In respect of the year ended 31 October 2011, the auditors' remuneration comprised £266,000 for audit work and £129,000 for other work, principally relating to taxation compliance and advisory services.

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

A H Martin
Chairman of the Audit Committee
26 January 2012

Nomination Committee report

The Nomination Committee (the "Committee") comprises Richard Grainger (Chairman), Adrian Martin and Alan Lewis. Stephen Williams was a member of the Committee until he retired as a Director in February 2011, and Alan Lewis was appointed a member in March 2011. Subsequent to the year end, Peter Gowers has been appointed a member of the Committee from December 2011.

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

— review the structure, size and composition of the Board and membership of the Board's committees;

— consider succession planning for Executive and Non-Executive Directors and other senior executives;

— make recommendations to the Board on the appointment of Executive and Non-Executive Directors; and

— evaluate the balance of skills, knowledge and experience of the Board.

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

Specialist recruitment consultants were engaged to undertake a search and selection process for a new Chief Executive Officer. A short-list of candidates was prepared and discussed by the Committee, which recommended to the Board that Peter Gowers be appointed. The Board agreed with this recommendation and Mr Gowers was appointed a Director on 1 February 2011.

In January 2011, Alan Lewis offered his resignation following the sale by Bridgepoint of its remaining interest in the shares of the Company. The Board valued Mr Lewis' experience and input and wished him to remain a Non-Executive Director; the Board determined Mr Lewis to be independent following the Bridgepoint disposal. The Committee agreed the terms for his continuing engagement and this was subsequently ratified by the Board.

In March 2011, the Committee recommended the promotion of Frederic Vecchioli to the Board. The Board agreed with this recommendation and Mr Vecchioli, a founding director of Une Pièce en Plus, was appointed a Director on 24 March 2011.

At the Committee meeting in December 2010, a full review was undertaken on the composition of Board committees. This was discussed further in the March 2011 meeting, when Alan Lewis was appointed a member, and it was confirmed that there were no requirements for further changes to the composition of Board committees. The Committee also considered the composition of the Board and Non-Executive Directors and decided that no further Non-Executive Director appointments were necessary. At its meeting in September 2011, the Committee reviewed the Company's succession plans and agreed that no changes were considered necessary. The executive team in both the UK and France was discussed along with recruitment planned during the financial year for strengthening the operational structure. It was agreed that, as the business evolves, the management structure would continue to be reviewed periodically for adequacy.

The full terms of reference of the Nomination Committee are available on the Group's website at www.safestore.com.

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

R S Grainger
Chairman of the Nomination Committee
26 January 2012

UK Corporate Governance Code – Statement of compliance

The Group recognises the importance of, and is committed to, high standards of corporate governance. These are set out in the UK Corporate Governance Code issued by the Financial Reporting Council in June 2010 (the "Code"). The Board is accountable to the Company's shareholders for good governance and this report describes how the Board has applied the main principles of good governance set out in the Code during the year under review. Throughout the year the Company has complied with the main principles of the Code (as they apply to a smaller company outside the FTSE 350).

The Board

The Code recommends that the Board should include a balance of Executive and Non-Executive Directors, such that no individual or small group of individuals can dominate the Board's decision taking. It further recommends that at least half of the Board, excluding the Chairman, should comprise Non-Executive Directors determined by the Board to be independent, and that one Non-Executive Director should be nominated as the Senior Independent Director.

The Company currently has seven Directors, which includes the Chairman, three Executive Directors and three independent Non-Executive Directors. As a result, the Directors consider that there is a satisfactory balance of decision-making power on the Board.

The Board is aware of the other commitments of its Directors and is satisfied that these do not conflict with their duties as Non-Executive Directors of the Company. The Executive Directors do not hold any non-executive directorships in other companies.

There is a clear division of responsibilities between the Chairman and Chief Executive. Adrian Martin, deemed to be independent upon his appointment in 2008, is the Senior Independent Director. Keith Edelman is deemed to be independent. Alan Lewis was deemed to be independent from 19 January 2011 following the disposal by Bridgepoint, a major shareholder in the Company, of its shareholding in the Company.

The Board recognises the effective performance and commitment of Adrian Martin and Alan Lewis and has recommended a resolution for shareholders to re-appoint them both to the Board at the forthcoming AGM.

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

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

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

Board process

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

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

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

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

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

Board committees

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

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

Audit Committee

The Audit Committee comprises Adrian Martin (Chairman) and Keith Edelman.

The Audit Committee's report is set out on page 44.

Remuneration Committee

The Remuneration Committee comprises Keith Edelman (Chairman), Richard Grainger and Alan Lewis. The responsibilities of the Remuneration Committee are set out in the Remuneration report on pages 38 to 43.

Nomination Committee

The Nomination Committee comprises Richard Grainger (Chairman), Adrian Martin and Alan Lewis. On 7 December 2011, Peter Gowers was appointed a member of the Committee. The Nomination Committee's report is set out on page 45.

Attendance at Board/committee meetings

The following table shows attendance of individual Directors at Board and committee meetings that they were eligible to attend during the year ended 31 October 2011:

Number of meetings held	Board (10 meetings)	Audit Committee (3 meetings)	Nomination Committee (3 meetings)	Remuneration Committee (3 meetings)
P D Gowers	7/7	—	—	—
R D Hodsden[1]	9/10	—	—	—
F Vecchioli	6/6	—	—	—
R S Grainger	10/10	—	3/3	3/3
A H Martin	10/10	3/3	3/3	—
A S Lewis	10/10	—	1/1	—
K G Edelman	10/10	3/3	—	3/3
S W Williams	3/3	—	1/1	—

1 Mr Hodsden did not attend one meeting in July 2011 due to commitments away from the United Kingdom, which were notified in advance, agreed and approved by the Board.

Board performance evaluation

During the year, an evaluation of the performance of the Board, its committees, the individual Directors and the Chairman was conducted. The Board and committee evaluation process was led by the Chairman with support from the HR Director of the subsidiary board. Directors completed detailed written questionnaires covering a number of key areas including strategy, succession planning, Board size and composition, risk management and the relationship between the Board and management. The results of the reviews were then considered by the Chairman and discussed by the Board as a whole. The review also involved an assessment by the Chairman of individual Directors' own performance. The Chairman's own performance was assessed by the Senior Independent Director.

The Directors have concluded that, following this evaluation, the Board and its committees operate effectively. Recommendations were made to further enhance the performance and effectiveness of the Board and a process of continuous improvement is now being led by the Chairman.

Board appointments

Every decision to appoint further Directors to the Board is taken by the entire Board in a formal meeting based on a recommendation from the Nomination Committee. The Nomination Committee consults with financial and legal advisers and uses the services of external recruitment specialists. New members of the Board are provided with initial and ongoing training appropriate to individual needs in respect of their role and duties as directors of a listed plc.

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

Re-election of Directors

The Company's Articles of Association provide that one-third of the Directors retire by rotation each year and that each Director will seek re-election by the shareholders at the AGM at least once every three years. Additionally, new Directors are subject to election by shareholders at the first opportunity after their appointment. Details of the Directors seeking re-election at the 2012 AGM are given in the Notice of Meeting.

Relations with shareholders

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

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

Risk management

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

Internal control

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

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

- an annual strategy review process to ensure that the Group's resources are prioritised to deliver optimum shareholder returns;
- a comprehensive system of reporting monthly, half yearly and annual financial results to the Directors and key groups of senior management, focusing on key initiatives, reviewing performance and implementing remedial action where necessary;
- a robust and detailed process to develop the Group's annual budget and regular revised forecasts;
- monthly Group management accounts to report performance as compared to budget and/or forecast as appropriate;
- a management structure with clearly defined authority limits; and
- development and frequent reporting of relevant Key Performance Indicators to monitor operational progress.

The Directors believe that the system of internal control is appropriate for the Group. The Group currently employs a risk manager supported by two store auditors who are responsible for reviewing operational and financial control at store level. The risk manager reports to the Chief Executive Officer and Chief Financial Officer. The Group does not have a separate internal audit function although the Board periodically reviews the need for establishing one in addition to the existing store assurance team. An externally facilitated internal audit programme is being commissioned for certain specific aspects of financial controls based on the recommendations of the Audit Committee. Upon completion of this project, the Audit Committee will review the findings to determine whether a rolling programme of work should be commissioned periodically until a separate internal audit function is deemed necessary.

A summary of the principal risks and uncertainties within the business is set out on pages 32 and 33.

Directors' report

The Directors present their Annual Report and the audited consolidated financial statements for the year ended 31 October 2011.

Safestore Holdings plc is a public limited company incorporated in Great Britain under the Companies Act 2006. The address of the registered office is Brittanic House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT, United Kingdom.

Principal activities

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

Business review

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

- the Chairman's statement and the Chief Executive Officer's review on pages 8 to 19 contain a review of the business of the Group, the development and performance of the Group during the year and at the year end and of its strategy and prospects, including an analysis using Key Performance Indicators;
- the Financial review can be found on pages 20 to 25;
- the Group's Corporate Responsibility ("CR") commitment and information in respect of environmental matters, employees, and social and community issues can be found on pages 26 to 31;
- the principal risks and uncertainties within the business are set out in the risk management section on pages 32 and 33 including an assessment of the requirements of Section 417(5)(c) of the Companies Act 2006 on information about persons with whom the Group has contractual or other arrangements that are essential to the business of the Group; and
- the Corporate governance review can be found on pages 46 to 48.

Further information on the Group's operations and financial affairs that are in addition to the requirements of the Business review are set out on pages 1 to 51 of this report.

Key Performance Indicators

The Directors are required to comment upon the Group's Key Performance Indicators. These are reported within the Financial review on pages 20 to 25 and in the Chief Executive Officer's review on page 10 to 19 and include customer enquiries, new lets, length of stay and other non-financial Key Performance Indicators.

Results and dividends

The results for the year are set out on page 54. The Directors recommend a final dividend of 3.55 pence per ordinary share (2010: 3.25 pence) totalling £6,656,000 (FY2010: £6,094,000) to be paid on 11 April 2012 to shareholders whose names appear on the register at the close of business on 16 March 2012. An interim dividend of 1.75 pence was paid in the year (FY2010: 1.70 pence) totalling £3,280,000 (FY2010: £3,187,000).

Directors

Details of the Directors who served during the year and to the point of signing are set out below:

R S Grainger	Non-Executive Chairman
P D Gowers	Chief Executive Officer (from 1 March 2011)
R D Hodsden	Chief Financial Officer
F Vecchioli	Executive Director (from 23 March 2011)
A H Martin	Non-Executive Director
A S Lewis	Non-Executive Director
K G Edelman	Non-Executive Director
S W Williams	Chief Executive Officer (retired 28 February 2011)

S W Williams retired from the Board on 28 February 2011. P D Gowers was appointed to the Board on 1 March 2011 and F Vecchioli was appointed to the Board on 23 March 2011.

Biographical details of the Directors are set out on pages 34 and 35.

Details of the interests of the Directors in the shares of the Company are set out in the Remuneration report on pages 38 to 43. No changes took place in the interests of the Directors between 31 October 2011 and 26 January 2012.

The Company's Articles of Association provide that a Director may be appointed by an ordinary resolution of the shareholders or by the existing Directors, either to fill a vacancy or as an additional Director. Further information on the Company's internal procedures for the appointment of Directors is given in the Corporate governance section on pages 46 to 48.

The Company's Articles of Association require that one-third of Directors retire by rotation each year and that each Director must retire at intervals of not more than three years. Non-Executive Directors must retire annually once they have been in office for a period of more than eight years. In accordance with these provisions, Adrian Martin and Alan Lewis will retire at the forthcoming AGM and, being eligible, offer themselves for re-election. A resolution to elect Frederic Vecchioli will be proposed to shareholders as he was appointed a Director after the 2011 Annual General Meeting.

Directors continued

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

The Directors have (and during the year ended 31 October 2011 had) the benefit of the qualifying third party indemnity provision contained in the Company's Articles of Association which provides a limited indemnity in respect of liabilities incurred as a Director or other officer of the Company.

Share capital

The authorised share capital of the Company as at 31 October 2011 was £3.15 million divided into 315 million ordinary shares of 1 pence of which 188.1 million shares were in issue.

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

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

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

Change of control

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

Substantial shareholdings

The following substantial shareholdings have been notified to the Company:

	At 25 January 2012	
	Number	%
Schroder Investment Management	15,531,767	8.26
Aberforth Partners	13,748,070	7.31
CBRE Clarion	12,468,612	6.63
Henderson Global Investors	12,437,968	6.61
BNP Paribas Investment Partners	12,256,133	6.51
Morgan Stanley Investment Management	10,525,264	5.59
APG Investments	7,980,574	4.24
Black Rock Investment Management	7,454,753	3.96
S W Williams	7,427,579	3.95
Legal & General Investment	6,712,382	3.57

Own shares – Employee Benefit Trust

On 31 January 2008, the Company allotted 1,051,755 ordinary shares of 1 pence each at par to the Safestore Employee Benefit Trust in satisfaction of awards under the Group's Long-Term Incentive Plan. The Employee Benefit Trust retains 639,740 ordinary shares (FY2010: 639,740 ordinary shares) with a cost of £6,397 (2010: £6,397). This represents 0.34% (FY2010: 0.34%) of the total issued share capital of the Company.

Financial risk management

Information on risk management is provided on pages 32 and 33.

Employees

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

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

Political and charitable contributions
The Group made no political or charitable donations during the year (FY2010: £nil). The CR report provides details of the Group's "Charity Room in Every Store" commitment.

Creditor payment policy
The Company is a holding company with very few suppliers. The Group aims to pay all its suppliers within the payment terms negotiated with each individual supplier. The Group had 45 days' purchases (FY2010: 36 days' purchases) outstanding at 31 October 2011, based on the average daily amount invoiced by suppliers during the year ended 31 October 2011.

Going concern
After making enquiries, taking into account current borrowing facilities and trading prospects, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The existing banking facilities run to 31 August 2013 and discussions with the Group's key lead banks and other potential partners about refinancing these facilities have commenced. Whilst only in their early stages initial responses have been encouraging. For this reason, the going concern basis has been adopted in preparing the financial statements.

Post-balance sheet events
On 30 December 2010 there was a fire at the La Défense store in Paris which traded under the name "Une Pièce en Plus". The French head office was also based at this store and was damaged by the fire. The building, all fixtures and fittings, and customer property stored within the building were fully insured and the Group was also insured for loss of trade and business interruption whilst the store is inoperable. The store contributed less than 1% of revenue and therefore had no material impact on the business or its performance. At the balance sheet date there was no certainty as to the value of the insurance receipts for either the building or for loss of profits and therefore no receivable was recorded. Subsequently on 9 January 2012, the Group received €6.4 million from the insurers in relation to the building. Discussions with the insurance company regarding the insurance receipts for the loss of profits are ongoing.

Registered company number
4726380

Disclosure of information to auditors
In the case of each of the persons who are Directors at the time when the report is approved under Section 418 of the Companies Act 2006 the following applies:

— so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

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

Independent auditors
A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the forthcoming AGM.

Annual General Meeting
The AGM will be held at the Company's registered office at Brittanic House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT on 21 March 2012 at 12 noon.

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

The Notice of Annual General Meeting on pages 90 to 94 sets out details of the business to be considered at the AGM and contains explanatory notes on such business.

By order of the Board:

S Ahmed
Company Secretary
26 January 2012

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Each of the Directors, whose names and functions are listed in the Directors' report, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board:

S Ahmed
Company Secretary
26 January 2012

Independent auditors' report

to the members of Safestore Holdings plc

We have audited the group financial statements of Safestore Holdings plc for the year ended 31 October 2011 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in shareholders' equity, the Consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 52, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 October 2011 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 51, in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Other matter

We have reported separately on the parent company financial statements of Safestore Holdings plc for the year ended 31 October 2011 and on the information in the Directors' Remuneration Report that is described as having been audited.

Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
26 January 2012

Consolidated income statement
for the year ended 31 October 2011

	Notes	Group 2011 £'000	2010 £'000
Revenue	2	**95,060**	89,214
Cost of sales		**(31,222)**	(28,951)
Gross profit		**63,838**	60,263
Administrative expenses		**(15,476)**	(11,819)
EBITDA before exceptional items, change in fair value of derivatives, (loss)/gain on investment properties and contingent rent		**50,512**	49,178
Exceptional items	4	**(1,332)**	(280)
Change in fair value of derivatives		**(8)**	461
Depreciation and contingent rent		**(810)**	(915)
Operating profit before (loss)/gain on investment properties		**48,362**	48,444
(Loss)/gain on investment property before exceptional item		**(16,187)**	18,472
Impairment of investment property – exceptional		**(2,230)**	—
Total (loss)/gain on investment properties	10	**(18,417)**	18,472
Operating profit	2,5	**29,945**	66,916
Finance income before exceptional item		**212**	290
Recycling of foreign exchange gains		**—**	431
Change in fair value of derivatives		**1,825**	—
Total finance income	3	**2,037**	721
Finance expense before exceptional items and change in fair value of derivatives		**(23,435)**	(22,834)
Recycling of cash flow hedge – exceptional item		**—**	(8,749)
Exceptional finance expenses		**—**	(2,004)
Change in fair value of derivatives		**—**	(4,829)
Total finance expense	3	**(23,435)**	(38,416)
Profit before income tax		**8,547**	29,221
Income tax credit/(expense)[1]	7	**4,481**	(2,881)
Profit for the year		**13,028**	26,340
Earnings per share for profit attributable to the equity holders			
– basic (pence)	9	**6.95**	14.05
– diluted (pence)	9	**6.92**	13.81

1 Includes an exceptional credit of £6,597,000 (FY2010: £3,478,000) (see note 7).

The financial results for both years relate to continuing activities.

The notes on pages 59 to 84 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 October 2011

	Group	
	2011 £'000	2010 £'000
Profit for the year	**13,028**	26,340
Other comprehensive income:		
Cash flow hedges	**—**	1,172
Currency translation differences	**1,100**	(2,767)
Recycled cumulative exchange gain	**—**	(431)
Recycled cumulative cash flow hedges	**—**	8,749
Tax charge in respect of items taken directly to equity	**—**	(2,846)
Total other comprehensive income, net of tax	**1,100**	3,877
Total comprehensive income for the year	**14,128**	30,217

Consolidated balance sheet
as at 31 October 2011

	Notes	Group 2011 £'000	Group 2010 £'000
Assets			
Non-current assets			
Investment properties	10	**713,564**	686,178
Interests in leasehold properties	10	**62,534**	69,130
Investment properties under construction	10	**15,059**	18,360
Property, plant and equipment	11	**2,856**	1,794
Deferred income tax assets	20	**7,031**	8,498
Derivative financial instruments	18	**78**	227
		801,122	784,187
Current assets			
Inventories	13	**242**	253
Trade and other receivables	14	**17,018**	16,244
Derivative financial instruments	18	**6**	72
Cash and cash equivalents	15	**14,674**	15,481
		31,940	32,050
Total assets		**833,062**	816,237
Current liabilities			
Financial liabilities:			
– bank borrowings	17	**(10,143)**	—
– derivative financial instruments	18	**(92)**	(3,332)
Trade and other payables	16	**(35,048)**	(35,817)
Obligations under finance leases	19	**(10,040)**	(10,005)
		(55,323)	(49,154)
Non-current liabilities			
Financial liabilities:			
– bank borrowings	17	**(326,883)**	(309,511)
– derivative financial instruments	18	**(6,164)**	(4,956)
Trade and other payables	16	**(529)**	(745)
Deferred income tax liabilities	20	**(116,510)**	(122,557)
Obligations under finance leases	19	**(52,494)**	(59,125)
		(502,580)	(496,894)
Total liabilities		**(557,903)**	(546,048)
Net assets		**275,159**	270,189
Equity			
Ordinary shares	21	**1,881**	1,881
Share premium		**28,349**	28,349
Other reserves	23	**11,815**	10,715
Retained earnings	22,23	**233,114**	229,244
Total equity	23	**275,159**	270,189

These financial statements on pages 54 to 84 were authorised for issue by the Board of Directors on 26 January 2012 and signed on its behalf by:

R D Hodsden
Chief Financial Officer

P D Gowers
Chief Executive Officer

Company registration number 4726380

Consolidated statement of changes in shareholders' equity
for the year ended 31 October 2011

	Group					
	Share capital £'000	Share premium £'000	Translation reserve £'000	Hedge reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 November 2009	**1,881**	**28,349**	**13,913**	**(7,128)**	**211,580**	**248,595**
Comprehensive income						
Profit for the year	—	—	—	—	26,340	26,340
Other comprehensive income						
Exchange differences on translation of foreign operations	—	—	(2,767)	—	—	(2,767)
Recycling of balances in the translation reserve to finance income in the income statement (note 3)	—	—	(431)	—	—	(431)
Change in value of interest rate swaps	—	—	—	1,172	—	1,172
Recycling of balances in hedge reserve to finance expenses in the income statement	—	—	—	8,749	—	8,749
Tax relating to hedge reserve recycled to income statement	—	—	—	(2,793)	(53)	(2,846)
Total other comprehensive income	—	—	(3,198)	7,128	(53)	3,877
Total comprehensive income	**—**	**—**	**(3,198)**	**7,128**	**26,287**	**30,217**
Transactions with owners						
Dividends (note 8)	—	—	—	—	(8,812)	(8,812)
Employee share options	—	—	—	—	189	189
Transactions with owners	**—**	**—**	**—**	**—**	**(8,623)**	**(8,623)**
Balance at 1 November 2010	**1,881**	**28,349**	**10,715**	**—**	**229,244**	**270,189**
Comprehensive income						
Profit for the year	—	—	—	—	13,028	13,028
Other comprehensive income						
Exchange differences on translation of foreign operations	—	—	1,100	—	—	1,100
Total other comprehensive income	—	—	1,100	—	—	1,100
Total comprehensive income	**—**	**—**	**1,100**	**—**	**13,028**	**14,128**
Transactions with owners						
Dividends (note 8)	—	—	—	—	(9,375)	(9,375)
Employee share options	—	—	—	—	217	217
Transactions with owners	**—**	**—**	**—**	**—**	**(9,158)**	**(9,158)**
Balance at 31 October 2011	**1,881**	**28,349**	**11,815**	**—**	**233,114**	**275,159**

Consolidated cash flow statement
for the year ended 31 October 2011

	Notes	Group 2011 £'000	2010 £'000
Cash flows from operating activities			
Cash generated from operations	24	**46,789**	46,205
Interest paid		**(21,528)**	(18,564)
Interest received		**404**	139
Tax paid		**(16)**	(19)
Net cash inflow from operating activities		**25,649**	27,761
Cash flows from investing activities			
Expenditure on investment properties and development properties		**(35,037)**	(23,313)
Net proceeds from disposal of development properties		**—**	559
Purchase of property, plant and equipment		**(1,612)**	(227)
Net cash outflow from investing activities		**(36,649)**	(22,981)
Cash flows from financing activities			
Equity dividends paid	8	**(9,375)**	(8,812)
Net proceeds from issue of new borrowings		**25,000**	326,026
Debt issue costs		**—**	(8,161)
Financial instruments		**—**	(8,746)
Finance lease principal payments		**(5,518)**	(5,635)
Repayment of borrowings		**—**	(310,026)
Net cash inflow/(outflow) from financing activities		**10,107**	(15,354)
Net decrease in cash and cash equivalents		**(893)**	(10,574)
Exchange gains/(losses) on cash and cash equivalents		**86**	(297)
Cash and cash equivalents at 1 November		**15,481**	26,352
Cash and cash equivalents at 31 October	15,25	**14,674**	15,481

Notes to the financial statements
for the year ended 31 October 2011

1. Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Report Interpretations Committee ("IFRIC") interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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

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

Key judgements include the estimation of fair values of investment properties and recognition of deferred tax assets.

Standards, amendments to standards and interpretations issued and applied

The following accounting standards, amendments and interpretations issued by IASB and IFRIC are effective for the Group's accounting period beginning on or after 1 November 2010 but had no material effect on the results or financial position of the Group disclosed in these financial statements:

Amendment to IFRS 1 'First-time Adoption on Financial Instrument Disclosures'

Amendments to IFRS 1 for additional exemptions

Amendment to IFRS 2 'Share-based Payments – Group Cash-settled Share-based Payment Transactions'

Improvements to IFRSs (2009)

Amendments IAS 32 'Presentation on Classification of Rights Issues'

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'

The following new standards and interpretations have been issued but are not effective for the year ended 31 October 2011 and have not been adopted early:

IAS 24 (revised) 'Related Party Disclosures'

Amendments IAS 32 'Presentation on Classification of Rights Issues'

Improvements to IFRS 2010

Amendment to IFRIC 14 'Pre-payments of a Minimum Funding Requirement'

Amendment to IFRS 7 'Financial Instruments: Disclosures'

IFRS 9 'Financial Instruments: Classification and Measurement'

IFRS 10 'Consolidated Financial Statements'

IFRS 11 'Joint Arrangements'

IFRS 12 'Disclosure of Interests in Other Entities'

IFRS 13 'Fair Value Measurement'

Amendment to IAS 1 'Presentation of Financial Statements'

Amendment to IAS 19 'Employee Benefits'

IAS 27 'Separate Financial Statements' (as amended in 2011)

IAS 28 'Investments in Associates and Joint Ventures' (as amended in 2011)

The Group is assessing the likely effect of these new and amended standards on its future financial statements.

Basis of consolidation

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

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

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

1. Accounting policies continued

Basis of consolidation continued

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

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

Segmental reporting

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

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

Revenue recognition

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

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

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

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

Income from insurance claims is recognised when it is virtually certain of being received. Normally this is when a contractual agreement has been reached.

Exceptional items

Where it is considered that items of income or expense are material and are considered "one off" in nature, their nature and amount is disclosed separately on the face of the income statement where this enhances the understanding of the Group's financial performance. Exceptional items include the profit or loss on sale of properties.

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

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

Borrowing costs

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

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

1. Accounting policies continued

Investment properties, investment properties under construction and interests in leasehold properties

Investment properties are those properties owned by the Group that are held to earn rental income. Investment properties are initially measured at cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property and are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended. After initial recognition investment properties are held at fair value based on a market valuation by professionally qualified external valuers at each balance sheet date.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of these outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognised in the balance sheet.

For investment properties held under leases that are classified as finance leases, the properties are recognised at the lower of fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a finance lease liability. After initial recognition, leasehold properties classified as investment property are held at fair value. If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the balance sheet is added back to arrive at the carrying value of the investment property for accounting purposes. Depreciation is provided on the minimum lease payment valuation over the lease term.

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

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

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

If an impairment trigger occurs in relation to an investment property, its value is considered against the criteria in IAS 36, being the higher of fair value less cost to sell and value in use. Impairments are recognised in the income statement in the period they arise.

Property, plant and equipment

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

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

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

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

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

Impairment of tangible assets (excluding property)

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

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

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

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

1. Accounting policies continued

Inventories

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

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

Trade and other receivables

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

Cash and cash equivalents

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

Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequently they are measured at amortised cost using the effective interest rate method.

Leases

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

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

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

Borrowings

Interest-bearing bank loans and overdrafts are recorded at fair value, net of directly attributable transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are included within the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Where fees are payable in relation to raising debt the costs are disclosed in the cash flow statement within financing activities. Where payments are made to exit or modify derivative financial instruments, these costs are disclosed in the cash flow statement within financing activities.

Financial instruments

The Group uses derivative financial instruments such as interest rate swaps to hedge risks associated with interest rate fluctuations on borrowings. Such derivatives are initially recognised and measured at fair value on the date a derivative contract is entered into and subsequently re-measured at fair value at each reporting date. The gain or loss on re-measurement is taken to finance expense in the income statement except where the derivative is a designated cash flow hedging instrument. Interest costs for the period relating to derivative financial instruments, which economically hedge borrowings, are recognised within interest payable on bank loans and overdraft. Other fair value movements on derivative financial instruments are recognised within fair value movement of derivatives. Designation as part of a hedge relationship occurs at inception of a hedge relationship.

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

— cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction;

— fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability; or

— hedges of a net investment in a foreign operation.

1. Accounting policies continued

Financial instruments continued

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

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

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

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

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions for dilapidations are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is considered material.

Taxation including deferred tax

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

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

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

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

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

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

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

Employee benefit costs

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

Share capital

Ordinary shares are classified as equity.

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

Treasury shares

Safestore Holdings plc shares which have been purchased and not cancelled are held as treasury shares and deducted from shareholders' equity, within retained earnings.

1. Accounting policies continued

Share based payments

Share based incentives are provided to employees under the Group's bonus share plan, performance share plan and employee sharesave schemes. The Group recognises a compensation cost in respect of these schemes that is based on the fair value of the awards, measured using Black-Scholes, Binomial and Monte Carlo valuation methodologies. For equity-settled schemes, the fair value is determined at the date of grant and is not subsequently re-measured unless the conditions on which the award was granted are modified. For cash-settled schemes, the fair value is determined at the date of grant and is re-measured at each balance sheet date until the liability is settled. Generally, the compensation cost is recognised on a straight line basis over the vesting period. Adjustments are made to reflect expected and actual forfeitures during the vesting period due to the failure to satisfy service conditions or non-market performance conditions.

Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

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

a) Estimate of fair value of investment properties and investment property under construction

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

b) Recognition of deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which available losses and timing differences can be utilised as set out in note 20.

The carrying value for deferred tax assets is reviewed at each balance sheet date.

Financial risk management

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

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

The principal financial risks facing the Group are described below:

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group borrows in Sterling at floating rates and, where necessary, uses interest rate swaps to convert these to fixed rates (see note 18) to generate the preferred interest rate profile and to manage its exposure to interest rate fluctuations. A 1% change in interest rates would have a £0.9 million (FY2010: £0.6 million) impact on net interest. This sensitivity impact has been prepared by determining average floating interest rates and flexing these against average floating rate deposits and borrowings by major currency area over the course of the year.

Liquidity risk

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

Credit risk

Credit risk arises on financial instruments such as trade receivables and short-term bank deposits. Policies and procedures exist to ensure that customers have an appropriate credit history and account customers are given credit limits that are monitored. Short-term bank deposits are executed only with A-rated or above authorised counterparties based on ratings issued by the major rating agencies. Counterparty exposure positions are monitored regularly so that credit exposures to any one counterparty are within predetermined limits. Overall, the Group considers that it is not exposed to a significant amount of credit risk. The amount of trade receivables outstanding at the year end does not represent the maximum exposure to operational credit risk due to the normal patterns of supply and payment over the course of a year. Based on management information collected as at month ends the maximum level of net trade receivables at any one point during the year was £7.7 million (FY2010: £7.6 million).

1. Accounting policies continued
Financial risk management continued
Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk in respect of the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To manage foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group uses forward contracts. The Group's treasury risk management policy is to enter into forward contracts for between 60% and 70% of anticipated revenues in Euros for the subsequent 24 months.

The Group has investments in foreign operations in France, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 31 October 2011, if Sterling had weakened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been £2.0 million higher (FY2010: £2.7 million), mainly as a result of foreign exchange gains/losses on translation of Euro trade receivables and financial assets at fair value through profit or loss.

The Group is not exposed to significant transaction foreign exchange risk as purchases are invoiced in either Sterling or Euros.

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

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

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

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

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

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

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

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

During 2011, the Group's strategy, which was unchanged from 2010, was to maintain the gearing ratio within 50% to 70% and a Dunn & Bradstreet 5A1 credit rating. The gearing ratios at 31 October 2011 and 2010 were as follows:

	2011 £'000	2010 £'000
Total borrowings	**399,560**	378,641
Less: cash and cash equivalents (note 15)	**(14,674)**	(15,481)
Net debt	**384,886**	363,160
Total equity	**275,159**	270,189
Total capital	**660,045**	633,349
Gearing ratio	**58%**	57%

The Group has complied with all of the covenants on its banking facilities during the year.

2. Segmental analysis

The segmental information presented has been prepared in accordance with the requirements of IFRS 8. The Group's revenue, profit before income tax and net assets are attributable to one activity: the provision of self-storage accommodation and related services. Segmental information is presented in respect of the Group's geographical segment. This is based on the Group's management and internal reporting structure.

Safestore is organised and managed in two operating segments, based on geographical areas, supported by its central Group functions:

— UK; and

— France.

The chief operating decision-maker, being the Executive Directors, identified in accordance with the requirements of IFRS 8, assesses the performance of the operating segments on the basis of adjusted EBITDA.

As the above two operating segments comprise 100% of the Group's results and net assets and are both individually greater than 10%, there is no additional segment to be disclosed as the "All other segments" category required under IFRS 8.

The operating profits and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items principally comprise cash, interest-bearing loans, derivatives and current and deferred taxation, and these are designated as Central below.

Year ended 31 October 2011	**UK £'000**	**France £'000**	**Central £'000**	**Group £'000**
Continuing operations				
Revenue	71,014	24,046	—	95,060
EBITDA before exceptional items, change in fair values of derivatives, (loss)/gain on investment properties, depreciation and contingent rent	38,405	12,107	—	50,512
Exceptional items	(702)	(630)	—	(1,332)
Contingent rent and depreciation	(578)	(232)	—	(810)
Change in fair value of derivative	—	—	(8)	(8)
Operating profit before gain on investment properties	37,125	11,245	(8)	48,362
(Loss)/gain on investment properties	(25,511)	7,094	—	(18,417)
Operating profit	11,614	18,339	(8)	29,945
Finance expense	—	—	(23,435)	(23,435)
Finance income	—	—	2,037	2,037
Profit/(loss) before tax	**11,614**	**18,339**	**(21,406)**	**8,547**
Income tax credit	—	—	4,481	4,481
Profit/(loss) for the year	**11,614**	**18,339**	**(16,925)**	**13,028**
Total assets	**620,582**	**190,691**	**21,789**	**833,062**

Year ended 31 October 2010	UK £'000	France £'000	Central £'000	Group £'000
Continuing operations				
Revenue	67,116	22,098	—	89,214
EBITDA before exceptional items, change in fair values of derivatives, gain on investment properties, depreciation and contingent rent	35,344	13,834	—	49,178
Exceptional items	(45)	(235)	—	(280)
Contingent rent and depreciation	(588)	(327)	—	(915)
Change in fair value of derivative	—	—	461	461
Operating profit before gain on investment properties	34,711	13,272	461	48,444
Gain on investment properties	2,151	16,321	—	18,472
Operating profit	36,862	29,593	461	66,916
Finance expense	—	—	(38,416)	(38,416)
Finance income	—	—	721	721
Profit/(loss) before tax	**36,862**	**29,593**	**(37,234)**	**29,221**
Income tax expense	—	—	(2,881)	(2,881)
Profit/(loss) for the year	**36,862**	**29,593**	**(40,115)**	**26,340**
Total assets	**619,961**	**171,998**	**24,278**	**816,237**

2. Segmental analysis continued

Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. There is no material impact from inter-segment transactions on the Group's results.

The entity is domiciled in the UK. The result of its revenue from external customers in the UK is £71,014,000 (FY2010: £67,116,000) and the total revenue from external customers in other countries is £24,046,000 (FY2010: £22,098,000). All revenues are generated from the entities provision of self-storage and related services.

3. Finance income and costs

	Notes	2011 £'000	2010 £'000
Finance costs			
Interest payable on bank loans and overdraft		**(16,642)**	(16,227)
Amortisation of debt issue costs on bank loan	17	**(2,248)**	(2,093)
Interest on obligations under finance leases		**(4,883)**	(4,912)
Capitalised interest		**338**	398
Recycle of cash flow hedge reserve		**—**	(8,749)
Fair value movement of derivatives		**—**	(4,829)
Exceptional finance expense		**—**	(2,004)
Total finance cost		**(23,435)**	(38,416)
Finance income			
Interest receivable from bank deposits		**212**	290
Exceptional item recycled foreign currency translation gains from the translation reserve	23	**—**	431
Fair value movement of derivatives		**1,825**	—
Net finance costs		**(21,398)**	(37,695)

Interest has been capitalised at an average rate of 3.5% for the year (FY2010: 3.5%).

The recycling of the cash flow hedge reserve of £8.7 million in the prior year represented the transfer of cumulative movements on cash flow hedges that were previously charged directly to reserves. The exceptional finance expense of £2.0 million in the prior year represented the debt issue costs relating to the previous banking facility written off in that year.

The exceptional item of £0.4 million in the prior year within finance income arose in respect of recycled foreign currency translation gains from the translation reserve which are now realised (see note 23).

Included within interest payable of £16.6 million (2010: £16.2 million) is £4.0 million (2010: £4.7 million) of interest relating to derivative financial instruments that are economically hedging the Group's borrowings. The total change in fair value of derivatives for the year is a debit of £2.2 million (2010: £9.5 million).

4. Exceptional items

	2011 £'000	2010 £'000
Impairment of non-current assets	**(382)**	—
Loss on sale of non-current assets	**—**	(280)
Costs relating to retirement of CEO	**(702)**	—
Costs relating to relocating French head office	**(248)**	—
Total exceptional items	**(1,332)**	(280)

The impairment of £382,000 (October 2010: £nil) has been recognised as a result of a fire at the La Défense store in Paris on 30 December 2010 which resulted in the total loss of the store. This trades under the name "Une Pièce en Plus". The French head office was also based at this store.

The costs relating to the retirement of CEO £702,000 (October 2010: £nil) relate to contractual payments due to the retiring of S W Williams and the costs relating to the recruitment of his replacement, P D Gowers.

Separately disclosed in note 7 are details of an exceptional taxation credit which has arisen as a result of the forecast change in UK corporation tax.

5. Operating profit

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

	Notes	2011 £'000	2010 £'000
Staff costs	26	**17,247**	15,742
Inventories:			
– cost of inventories recognised as an expense (included in cost of sales)	13	**1,866**	1,790
Depreciation on property, plant and equipment:			
– owned assets	11	**168**	168
Impairment of property, plant and equipment	11	**382**	—
Loss/(gain) on investment properties	10	**18,417**	(18,472)
Rentals under operating leases – plant and machinery		**—**	19
Repairs and maintenance expenditure on investment properties		**2,166**	1,359
Trade receivables impairment	14	**152**	743

6. Fees paid to auditors

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

	2011 £'000	2010 £'000
Audit services		
Fees payable to Company's auditors for the audit of the parent company and consolidated financial statements	**40**	40
Fees for other services		
Fees payable to Company's auditors for the audit of the Company's subsidiaries pursuant to legislation	**135**	148
Fees payable to Company's auditors for other services pursuant to legislation	**33**	33
Statutory audit for overseas entities	**58**	32
Tax services	**107**	23
Corporate finance	**22**	105
Total	**395**	381

7. Income tax credit/(expense)

Analysis of tax credit/ (expense) in the year:

	Note	2011 £'000	2010 £'000
Current tax:			
– UK corporation tax		**—**	(17)
– Tax in respect of overseas subsidiaries		**(365)**	—
Deferred tax:	20		
– Current year, including exceptional credit of £6,597,000 (FY2010: £3,478,000)		**4,784**	(4,155)
– Adjustment in respect of prior year		**62**	1,291
Tax credit/(expense)		**4,481**	(2,881)

Reconciliation of income tax (credit)/expense

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

	2011 £'000	2010 £'000
Profit before tax	**8,547**	29,221
Tax calculated at domestic tax rates applicable in the UK: 26.83% (FY2010: 28%)	**2,293**	8,182
Effect of:		
– income and expenses not taxable or deductible	**(5)**	(1,174)
– indexation on revaluation of investment properties	**(1,325)**	(770)
– difference from overseas tax rates	**1,215**	1,412
– adjustments in respect of prior years	**(62)**	(1,291)
– re-measurement of deferred tax liability from change in UK rate	**(6,597)**	(3,478)
Tax (credit)/expense	**(4,481)**	2,881

7. Income tax credit/(expense) continued

Reconciliation of income tax (credit)/expense continued

The March 2011 Budget included a reduction in the main rate of corporation tax for UK companies from 28% to 26% from 1 April 2011. Legislation to further reduce the main rate of corporation tax to 25% from 1 April 2012 was included in the Finance Act 2011 and subsequently enacted in July 2011. UK deferred tax has therefore been provided at 25% (2010: 27%).

The exceptional tax credit of £6,597,000 (2010: £3,478,000) arises as a result of the impact on deferred tax of the UK rate change from 27% to 25% (2010: 28% to 27%).

In addition to the changes in rates of corporation tax disclosed above a number of further changes to the UK corporation tax system were announced in the March 2011 UK Budget Statement. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 2014. These further changes had not been substantively enacted at the balance sheet date.

The proposed reductions in the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 25% to 23%, if these applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax liability by an additional £6.4 million (being £3.2 million recognised in 2013 and £3.2 million recognised in 2014).

8. Dividends per share

The dividend paid in 2011 was £9,375,000 (5.0 pence per share) (FY2010: £8,812,000 (4.70 pence per share)). A dividend in respect of the year ended 31 October 2011 of 3.55 pence (FY2010: 3.25 pence) per share, amounting to a final dividend of £6,656,000 (FY2010: £6,092,000), is to be proposed at the AGM on 21 March 2012. The ex-dividend date will be 14 March 2012 and the record date 16 March 2012 with an intended payment date of 11 April 2012. The final dividend has not been included as a liability at 31 October 2011.

9. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares held as treasury shares. Diluted earnings per share is 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.

	Year ended 31 October 2011			Year ended 31 October 2010		
	Earnings £'m	**Shares million**	**Pence per share**	Earnings £'m	Shares million	Pence per share
Basic	**13.03**	**187.50**	**6.95**	26.34	187.50	14.05
Dilutive securities		**0.64**			3.28	
Diluted	**13.03**	**188.14**	**6.92**	26.34	190.78	13.81

Adjusted earnings per share

Adjusted earnings per share represents profit after tax adjusted for the (loss)/gain on investment properties, exceptional items, change in fair value of derivatives and the associated tax thereon. The Directors consider that these alternative measures provide useful information on the performance of the Group.

	Year ended 31 October 2011			Year ended 31 October 2010		
	Earnings £'m	**Shares million**	**Pence per share**	Earnings £'m	Shares million	Pence per share
Basic	**13.03**	**187.50**	**6.95**	26.34	187.50	14.05
Adjustments:						
– loss/(gain) on investment properties	**18.42**	**—**	**9.82**	(18.47)	—	(9.85)
– exceptional operating items	**1.33**	**—**	**0.71**	0.28	—	0.15
– exceptional recycling of foreign exchange gains	**—**	**—**	**—**	(0.43)	—	(0.23)
– exceptional recycling of cash flow hedge reserve to the income statement	**—**	**—**	**—**	8.75	—	4.67
– exceptional finance costs	**—**	**—**	**—**	2.00	—	1.07
– change in fair value of derivatives	**(1.83)**	**—**	**(0.98)**	4.37	—	2.33
– tax in relation to adjustments	**(4.41)**	**—**	**(2.35)**	(0.11)	—	(0.06)
– exceptional tax credit	**(6.60)**	**—**	**(3.52)**	(3.48)	—	(1.86)
Adjusted	**19.94**	**187.50**	**10.63**	19.25	187.50	10.27

9. Earnings per share continued

Loss/(gain) on investment properties includes depreciation on leasehold properties of £5.5 million (FY2010: £5.6 million) and the related tax thereon of £1.7 million (FY2010: £1.7 million). As an industry standard measure, European Public Real Estate Association ("EPRA") earnings are presented. EPRA earnings of £16.1 million (FY2010: £15.3 million) and EPRA earnings per share of 8.58 pence (FY2010: 8.19 pence) are calculated after further adjusting for these items.

EPRA adjusted income statement (non-statutory)	Group 2011 £'m	Group 2010 £'m	Movement %
Revenue	**95.1**	89.2	**+6.6%**
Operating expenses (excluding depreciation and contingent rent)	**(44.6)**	(40.0)	
EBITDA before contingent rent	**50.5**	49.2	**+2.7%**
Depreciation and contingent rent	**(0.8)**	(0.9)	
Operating profit before depreciation on leasehold properties	**49.7**	48.3	**+3.0%**
Depreciation on leasehold properties	**(5.5)**	(5.6)	
Operating profit	**44.2**	42.7	**+3.7%**
Net financing costs	**(23.2)**	(22.5)	
Profit before income tax	**21.0**	20.2	**+4.4%**
Income tax	**(4.9)**	(4.9)	
Profit for the year ("EPRA earnings")	**16.1**	15.3	**+4.8%**
Adjusted EPRA earnings per share	**8.58p**	8.19p	**+4.8%**
Final dividend per share	**3.55p**	3.25p	**+9.2%**

10. Investment properties, investment properties under construction and interests in leasehold properties

	Investment property £'000	Interests in leasehold properties £'000	Investment property under construction £'000	Total investment properties £'000
As at 1 November 2010	686,178	69,130	18,360	773,668
Additions	16,847	—	18,654	35,501
Reclassifications	19,994	(1,220)	(19,994)	(1,220)
Impairments	(2,230)	—	—	(2,230)
Revaluations	(8,708)	—	(1,961)	(10,669)
Depreciation	—	(5,518)	—	(5,518)
Exchange movements	1,483	142	—	1,625
As at 31 October 2011	**713,564**	**62,534**	**15,059**	**791,157**

The reclassification of £1,220,000 from interests in leasehold properties relates to the acquisition of the freehold of a leasehold property.

	Investment property £'000	Interests in leasehold properties £'000	Investment property under construction £'000	Total investment properties £'000
As at 1 November 2009	646,778	71,954	12,641	731,373
Additions	8,668	9,433	16,948	35,049
Reclassifications	10,480	(3,492)	(10,480)	(3,492)
Revaluations	24,816	—	(709)	24,107
Depreciation	—	(5,635)	—	(5,635)
Disposals	(795)	(2,700)	(40)	(3,535)
Exchange movements	(3,769)	(430)	—	(4,199)
As at 31 October 2010	686,178	69,130	18,360	773,668

The interest in leasehold properties at 1 November 2009 was adjusted by £2.9 million to reflect the present value of minimum lease payments of contractual rents. A corresponding reduction was recorded in the finance lease obligations with no impact on net assets. The remaining £0.6 million of the reclassification related to the acquisition of the freehold of a leasehold property.

10. Investment properties, investment properties under construction and interests in leasehold properties continued

(Losses)/gains on investment properties comprise:

	2011 £'000	2010 £'000
Revaluations	**(10,669)**	24,107
Impairments	**(2,230)**	—
Depreciation	**(5,518)**	(5,635)
	(18,417)	18,472

	Deemed cost £'000	Valuation £'000	Revaluation on deemed cost £'000
Freehold stores			
As at 1 November 2010	297,034	541,181	244,147
Movement in year	35,861	34,538	(1,323)
As at 31 October 2011	**332,895**	**575,719**	**242,824**
Leasehold stores			
As at 1 November 2010	72,760	144,997	72,237
Movement in year	2,194	(7,152)	(9,346)
As at 31 October 2011	**74,954**	**137,845**	**62,891**
All stores			
As at 1 November 2010	369,794	686,178	316,384
Movement in year	38,055	27,386	(10,669)
As at 31 October 2011	**407,849**	**713,564**	**305,715**

The valuation of £713.6 million excluded £0.8 million in respect of owner occupied property. Rental income earned from investment properties for the years ended 31 October 2011 and 31 October 2010 was £77.73 million and £76.72 million, respectively.

The freehold and leasehold investment properties have been valued as at 31 October 2011 by external valuers, Cushman & Wakefield LLP ("C&W"). The valuation has been carried out in accordance with the RICS Valuation Standards – Global and UK, 7th Edition 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. Two non-trading properties were valued on the basis of Market Value. 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 members of the RICS who have been the signatories to the valuations provided to the Group for the same purposes as this valuation have been so since October 2006;
- C&W does not provide other significant professional or agency services to the Group;
- in relation to the preceding financial year of C&W, the proportion of total fees payable by the Group to the total fee income of the firm is less than 5%; and
- C&W has continually been carrying out biannual valuations for accounts purposes on behalf of the Group since October 2006.

Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from the recent global banking crisis coupled with the economic downturn and, more recently, sovereign debt concerns in Europe. The factors have resulted in a low number of transactions in the market for self-storage property.

C&W notes that although there were a number of self-storage transactions in 2007, the only significant transactions since 2007 are:

- the sale of a 51% share in Shurgard Europe which was announced in January 2008 and completed on 31 March 2008;
- the sale of the former Keepsafe portfolio by Macquarie to Alligator Self Storage which was completed in January 2010; and
- the purchase by Shurgard Europe of the 80% interests held by its joint venture partner (Arcapita) in its two European joint venture vehicles, First Shurgard and Second Shurgard. The price paid was €172 million and the transaction was announced in March 2011. The two joint ventures owned 72 self-storage properties.

Two further smaller transactions have taken place in 2011 at West Molesey in Surrey and Cambridge.

Due to the lack of comparable market information in the self-storage sector, C&W has had to exercise more than the usual degree of judgement in arriving at its opinion of value.

It has been held that valuers may properly conclude within a range of values. This range is likely to be greater in an illiquid market where inherent uncertainty exists and a greater degree of judgement must therefore be applied.

10. Investment properties, investment properties under construction and interests in leasehold properties continued

Valuation method and assumptions

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

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

Freehold and long leasehold (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.

Assumptions
— 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 straight line absorption from day one actual occupancy to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the trading stores (both freeholds and all leaseholds) open at 31 October 2011 averages 78.72% (31 October 2010: 79.46%). 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 31.61 months (31 October 2010: 37.61 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 valuation included in the accounts assumes rental growth in future periods. If an assumption of no rental growth is applied to the external valuation, the net initial yield pre-administration expenses for the 106 mature stores is 7.48% (31 October 2010: 7.27%) rising to a stabilised net yield pre-administration expenses of 9.81% (31 October 2010: 10.08%).

— 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) is 12.14% (31 October 2010: 12.21%).

— Purchasers costs of 5.8% (UK) and 6.2% (France) (see below) have been assumed initially and sales plus purchaser's costs totalling 7.8% (UK) and 8.2% (France) are assumed on the notional sales in the tenth year in relation to freehold and long leasehold stores.

Short leaseholds (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. The average unexpired term of the Group's UK short-term leasehold properties is 12.50 years (31 October 2010: 12.62 years). The average unexpired term excludes the French commercial leases.

Short leaseholds (France)
In relation to the French commercial leases, C&W has 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. The capitalisation rates on these stores reflect the risk of the landlord terminating the lease arrangements.

Investment properties under construction (UK and France)
C&W has valued the stores in development, adopting the same methodology as set out above but on the basis of the cash flow projection expected for the store at opening and allowing for the outstanding costs to take each store from its current state to completion and full fit out. C&W has allowed for carry costs and construction contingency, as appropriate.

Prudent lotting
C&W has assessed the value of each property individually. However, with regard to the stores which have low or negative short-term cash flow, C&W has prepared its valuation on the assumption that were these properties to be brought to the market then they would be lotted or grouped for sale with other more mature assets of a similar type owned by the Group in such a manner as would most likely be adopted in the case of an actual sale of the interests valued. This lotting assumption has been made in order to alleviate the issue of low or negative short-term cash flow. C&W has not assumed that the entire portfolio of properties owned by the Group would be sold as a single lot and the value for the whole portfolio in the context of a sale as a single lot may differ significantly from the aggregate of the individual values for each property in the portfolio, reflecting prudent lotting as described on the previous page.

10. Investment properties, investment properties under construction and interests in leasehold properties continued

Valuation method and assumptions continued

Valuation assumption for purchaser's costs

The Group's investment property assets have been valued for the purposes of the financial statements after deducting notional purchaser's costs of 5.8% (UK) and 6.2% (France) of gross value, as if they were sold directly as property assets. The valuation is an asset valuation which is entirely linked to the operating performance of the business. They would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be very difficult to achieve except in a corporate structure.

This approach follows the logic of the valuation methodology in that the valuation is based in a capitalisation of the net operating income after allowing a deduction for operational cost and an allowance for central administration costs. Sale in a corporate structure would result in a reduction in the assumed Stamp Duty Land Tax but an increase in other transaction costs reflecting additional due diligence resulting in a reduced notional purchaser's cost of 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. The Group therefore instructed C&W to carry out a Red Book valuation on the above basis.

11. Property, plant and equipment

	Owner occupied buildings £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 November 2010	1,000	269	1,272	2,541
Additions	—	99	1,513	1,612
Disposals	(200)	(131)	(271)	(602)
At 31 October 2011	**800**	**237**	**2,514**	**3,551**
Accumulated depreciation				
At 1 November 2010	78	191	478	747
Charge for the year	10	38	120	168
Impairment	184	—	198	382
Eliminated on disposal	(200)	(131)	(271)	(602)
At 31 October 2011	**72**	**98**	**525**	**695**
Net book value				
At 31 October 2011	**728**	**139**	**1,989**	**2,856**
At 31 October 2010	922	78	794	1,794

	Owner occupied buildings £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 November 2009	1,000	272	1,046	2,318
Additions	—	—	226	226
Disposals	—	(3)	—	(3)
At 31 October 2010	1,000	269	1,272	2,541
Accumulated depreciation				
At 1 November 2009	65	170	344	579
Charge for the year	13	21	134	168
At 31 October 2010	78	191	478	747
Net book value				
At 31 October 2010	**922**	**78**	**794**	**1,794**
At 31 October 2009	935	102	702	1,739

12. Adjusted net assets per share

	2011 £'000	2010 £'000
Analysis of net asset value:		
Basic and diluted net asset value	**275,159**	270,189
Adjustments: deferred tax liabilities	**116,510**	122,557
Adjusted net asset value	**391,669**	392,746
Basic net assets per share (pence)	**146.8**	144.1
Diluted net assets per share (pence)	**146.3**	141.6
Adjusted net assets per share (pence)	**208.9**	209.5

	Number	Number
Shares in issue	**187,495,348**	187,495,348

Basic net assets per share is shareholders' funds divided by the number of shares at the year end. Diluted net assets per share is shareholders' funds divided by the number of shares at the year end, adjusted for dilutive share options. Adjusted net assets per share excludes deferred tax liabilities. The EPRA NAV, which further excludes fair value adjustments for debt and related derivatives net of tax, was £396.2 million (FY2010: £398.6 million) giving EPRA net assets per share of 211.3 pence (FY2010: 212.6 pence). The Directors consider that these alternative measures provide useful information on the performance of the Group.

	Group		
EPRA adjusted balance sheet (non-statutory)	**2011 £'m**	2010 £'m	Movement %
Assets			
Non-current assets	**799.4**	782.0	
Current assets	**31.9**	32.0	
Total assets	**831.3**	814.0	+2.1%
Liabilities			
Current liabilities	**(55.3)**	(45.8)	
Non-current liabilities	**(379.8)**	(369.6)	
Total liabilities	**(435.1)**	(415.4)	+4.7%
EPRA net asset value	**396.2**	398.6	–0.1%
EPRA net asset value per share	**211.3p**	212.6p	–0.1%

13. Inventories

	2011 £'000	2010 £'000
Finished goods and goods held for resale	**348**	360
Less: provisions for impairment of inventories	**(106)**	(107)
	242	253

The Group consumed £1,866,000 (FY2010: £1,790,000) of inventories during the year. Inventory write downs were £nil for both the financial years ended 31 October 2011 and 31 October 2010.

Inventories of £242,000 (FY2010: £253,000) are carried at fair value less costs to sell. Provisions are made against slow-moving and obsolete stock lines where considered appropriate.

14. Trade and other receivables

	2011 £'000	2010 £'000
Current:		
Trade receivables	**8,118**	7,768
Less: provision for impairment of receivables	**(789)**	(1,248)
Trade receivables – net	**7,329**	6,520
Other receivables	**1,476**	2,970
Prepayments and accrued income	**8,213**	6,754
	17,018	16,244

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

	2011 £'000	2010 £'000
Provisions for doubtful debts against trade receivables:		
At 1 November	**1,248**	1,026
Provision for receivables impairment	**152**	743
Receivables written off during the year as uncollectible	**(611)**	(521)
At 31 October	**789**	1,248

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

Trade receivables that are less than 28 days overdue are not considered impaired. As of 31 October 2011, trade receivables of £180,000 (FY2010: £669,000) were past due but not impaired. These relate to a number of customers who benefit from an extension to normal terms and for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2011 £'000	2010 £'000
Up to 28 days overdue	**180**	669

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

As of 31 October 2011, trade receivables of £789,000 (FY2010: £1,248,000) were impaired and provided for in full. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2011 £'000	2010 £'000
Sterling	**11,196**	11,245
Euros	**5,822**	4,999
	17,018	16,244

15. Cash and cash equivalents

	2011 £'000	2010 £'000
Cash at bank and in hand	**14,674**	15,481

16. Trade and other payables

	2011 £'000	2010 £'000
Current:		
Trade payables	**9,442**	6,967
Other taxes and social security payable	**810**	1,293
Corporation tax payable	**365**	—
Other payables	**4,813**	6,725
Accruals and deferred income	**19,618**	20,832
	35,048	35,817
Non-current:		
Other payables	**529**	745

17. Financial liabilities – bank borrowings

Current	2011 £'000	2010 £'000
Bank loans and overdrafts due within one year or on demand:		
Secured – bank loan	**12,500**	—
Debt issue costs	**(2,357)**	—
	10,143	—

Non-current	2011 £'000	2010 £'000
Bank loans:		
Secured	**328,838**	316,071
Debt issue costs	**(1,955)**	(6,560)
	326,883	309,511

In March 2010, the Group renegotiated its existing bank loan facilities. The total available amount under the new facility was £31.0 million higher than under the old facilities. The current drawn down amounts are now repayable £5.0 million in March 2012, £7.5 million in September 2012, £7.5 million in March 2013 and £321.4 million in August 2013.

The loan has a floating rate of interest, with £350.0 million of the facility being denominated in Sterling and £35.0 million being denominated in Euros. The loan is carried at amortised cost.

The bank loans and overdrafts are secured by a fixed charge over the Group's investment property portfolio. Following the bank re-financing in March 2010, as part of the interest rate management strategy, the Group entered into several interest rate swap contracts, details of which are shown in note 18.

The maturity profile of the carrying amount of the Group's non-current liabilities at 31 October 2011 and 31 October 2010 was as follows:

	Less than one year £'000	One to two years £'000	Two to five years £'000	More than five years £'000
2011				
Borrowings	**25,620**	**341,960**	**—**	**—**
Derivative financial instruments	**3,384**	**3,384**	**—**	**—**
Contractual interest payments and finance lease charges	**10,637**	**10,597**	**25,133**	**51,267**
Trade and other payables	**35,048**	**529**	**—**	**—**
	74,689	**356,470**	**25,133**	**51,267**
2010				
Borrowings	11,905	25,617	316,690	—
Derivative financial instruments	4,647	4,581	4,581	—
Contractual interest payments and finance lease charges	10,488	10,595	27,624	59,213
Trade and other payables	35,817	745	—	—
	62,857	41,538	348,895	59,213

17. Financial liabilities – bank borrowings continued

Bank loans are stated before unamortised issue costs of £4,312,000 (FY2010: £6,560,000). Bank loans are repayable as follows:

	Group	
	2011 £'000	2010 £'000
In one year or less	**12,500**	—
Between one and two years	**328,838**	12,500
Between two and five years	**—**	303,571
Bank loans	**341,338**	316,071
Unamortised issue costs due within one year	**(2,357)**	—
Unamortised issue costs due after one year	**(1,955)**	(6,560)
	337,026	309,511

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

	2011	2010
Bank loans	**Quarterly LIBOR plus 2.75%**	Quarterly LIBOR plus 2.5%
	Quarterly EURIBOR plus 2.75%	Quarterly EURIBOR plus 2.5%

Borrowing facilities

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

	Floating rate	
	2011 £'000	2010 £'000
Expiring beyond one year	**43,778**	68,690

18. Financial instruments

Numerical financial instruments disclosures are set out below. Additional disclosures are set out in the Financial Review on pages 20 to 25.

	Liability	
	2011 £'000	2010 £'000
Interest rate swaps	**6,256**	8,061
Interest rate caps	**—**	—
Foreign exchange contracts	**(84)**	(72)

In accordance with IAS 39 'Financial Instruments: Recognition and Measurement', the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No adjustments have been identified following this review. The fair value hierarchy of all financial instruments is level 2.

Interest rate swap

The notional principal amount of the outstanding interest rate swap contracts at 31 October 2011 was £233,100,000 and €24,000,000 (FY2010: £212,438,000 and €24,000,000). At 31 October 2011 the fixed interest rates were Sterling at 2.325% and Euro at 1.670% (FY2010: Sterling at 2.865% and Euro at 1.670%) and floating rates are at quarterly LIBOR and quarterly EURIBOR. The LIBOR swaps and the EURIBOR swaps expire in August 2013.

Foreign exchange swap

At 31 October 2011, the Group had foreign currency swap contracts outstanding for a notional principal amount of €5,500,000 every six months commencing November 2011. The Group will receive the Sterling equivalent of €5,500,000 at an exchange rate of €1.1550:£1 and pay the Sterling equivalent of the average monthly spot rates for the six months. A further notional amount of €6,000,000 has been swapped at an exchange rate of €1.1392:£1 for the six months from November 2012 to April 2013.

18. Financial instruments continued

Fair values of non-derivative financial assets and financial liabilities

Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at prevailing interest rates and by applying year-end exchange rates. The fair values of bank loans and finance leases are calculated as:

	2011		2010	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000
Bank loans	**337,026**	**350,874**	309,511	339,929
Finance lease obligations	**62,534**	**83,684**	69,130	97,910

The fair values of other financial assets and liabilities equal their book values.

Financial instruments by category

Group	Loans and receivables £'000	Assets at fair value through profit and loss £'000	Total £'000
Assets as per balance sheet			
Trade receivables and other receivables excluding prepayments	8,805	—	8,805
Derivative financial instruments	—	84	84
Cash and cash equivalents	14,674	—	14,674
As at 31 October 2011	**23,479**	**84**	**23,563**

Group	Liabilities at fair value through profit and loss £'000	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities as per balance sheet			
Borrowings (excluding finance lease liabilities)	—	337,026	337,026
Finance lease liabilities	—	62,534	62,534
Derivative financial instruments	6,256	—	6,256
Trade payable and other payables	—	35,577	35,577
As at 31 October 2011	**6,256**	**435,137**	**441,393**

Group	Loans and receivables £'000	Assets at fair value through profit and loss £'000	Total £'000
Assets as per balance sheet			
Trade receivables and other receivables excluding prepayments	9,490	—	9,490
Derivative financial instruments	—	299	299
Cash and cash equivalents	15,481	—	15,481
As at 31 October 2010	24,971	299	25,270

Group	Liabilities at fair value through profit and loss £'000	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities as per balance sheet			
Borrowings (excluding finance lease liabilities)	—	309,511	309,511
Finance lease liabilities	—	69,130	69,130
Derivative financial instruments	8,288	—	8,288
Trade payable and other payables	—	36,562	36,562
As at 31 October 2010	8,288	415,203	423,491

19. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000
Within one year	**10,637**	10,488	**10,040**	10,005
Within two to five years	**35,730**	38,219	**26,747**	29,472
Greater than five years	**51,266**	59,213	**25,747**	29,653
	97,633	107,920	**62,534**	69,130
Less: future finance charges on finance leases	**(35,099)**	(38,790)	**—**	—
Present value of finance lease obligations	**62,534**	69,130	**62,534**	69,130

	2011 £'000	2010 £'000
Current	**10,040**	10,005
Non-current	**52,494**	59,125
	62,534	69,130

20. Deferred income tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (FY2010: 27%) for the UK and 33.3% (FY2010: 33.3%) for France. The movement on the deferred tax account is as shown below:

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

	Note	**2011 £'000**	2010 £'000
At 1 November		**114,059**	108,808
Profit and loss (credit)/charge	7	**(4,846)**	2,864
Released to equity		**—**	2,846
Exchange differences		**266**	(459)
At 31 October		**109,480**	114,059

At 31 October 2011, the Group had capital losses of £4.0 million (FY2010: losses of £4.0 million) in respect of its UK operations, all of which are not recognised in the balance sheet.

Deferred tax assets have been recognised in respect of all trading tax losses and other temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below.

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

Deferred tax liability	Revaluation of investment properties £'000	Other timing differences £'000	Total £'000
At 1 November 2009	119,070	1,187	120,257
Charged to income statement	5,074	(2,105)	2,969
Released to equity	—	53	53
Exchange differences	(722)	—	(722)
At 31 October 2010	**123,422**	**(865)**	**122,557**
At 1 November 2010	123,422	(865)	122,557
Credit to income statement	(6,846)	480	(6,366)
Exchange differences	319	—	319
At 31 October 2011	**116,895**	**(385)**	**116,510**

20. Deferred income tax continued

Deferred tax asset	Tax losses £'000	Interest swap £'000	Total £'000
At 1 November 2009	8,655	2,794	11,449
Charged to income statement	(2,131)	2,236	105
Released to equity	—	(2,793)	(2,793)
Exchange differences	(263)	—	(263)
At 31 October 2010	**6,261**	**2,237**	**8,498**
At 1 November 2010	6,261	2,237	8,498
Charged to income statement	(885)	(635)	(1,520)
Exchange differences	53	—	53
At 31 October 2011	**5,429**	**1,602**	**7,031**

The deferred tax liability due after more than one year is £116.5 million (FY2010: £122.6 million).

21. Called up share capital

	2011 £'000	2010 £'000
Called up, allotted and fully paid		
188,135,088 (FY2010: 188,135,088) ordinary shares of 1 pence each	**1,881**	1,881

Ordinary shares

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

Safestore Holdings plc Sharesave scheme

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

		Grant date 9 August 2007			Grant date 14 August 2008		Grant date 11 August 2011	
		(UK three years)	(UK five years)	(France four years)	(UK three years)	(UK five years)	(UK three years)	(UK five years)
Number of options granted		211,079	150,369	27,217	130,350	136,955	469,067	212,375
Share price at grant date	(pence)	186	186	186	141	141	98.25	98.25
Exercise price	(pence)	147	147	176.5	118.4	118.4	104	104
Risk free rate of interest	(% per annum)	5.50	5.40	5.44	4.50	4.55	1.56	2.58
Expected volatility	(% per annum)	35.00	35.00	35.00	40.00	40.00	52.00	57.00
Expected dividend yield	(% per annum)	2.40	2.40	2.40	3.00	3.00	5.10	5.10
Expected term to exercise	(years)	3	5	4	3	5	3	5
Value per option	(pence)	66	74	59	47	53	25	33

21. Called up share capital continued

Safestore 2009 Performance Share Plan

The fair values of the awards granted in the accounting period were assessed by an independent actuary using a Monte Carlo model based on the assumptions set out in the table below. In determining an appropriate assumption for expected future volatility, the historical volatility of the share price of Safestore Holdings plc has been considered along with the historical volatility of comparator companies.

		Grant date 24 February 2011	
		(PBT-EPS part)	(TSR part)
Number of options granted		745,239	372,619
Share price at grant date	(pence)	147.25	147.25
Exercise price	(pence)	0	0
Risk free rate of interest	(% per annum)	n/a	1.43
Expected volatility	(% per annum)	n/a	53
Expected term to exercise	(years)	n/a	3.0
Value per option	(pence)	147.25	106.28

During the accounting period, 681,442 awards were granted under the 2011 Sharesave scheme of which 13,883 lapsed. 59,696 awards lapsed under the 2007 Sharesave scheme and 147,577 awards lapsed under the 2008 Sharesave scheme. 1,117,858 awards were granted under the Performance Share Plan, 353,982 awards lapsed under the 2009 Performance Share Plan and 147,058 awards lapsed under the 2010 Performance Share Plan. At the end of the accounting period, options over 710,197 ordinary shares were outstanding under the Sharesave scheme and 4,436,179 awards in the Performance Share Plan remain unvested.

Details of the awards outstanding under all of the Group's share schemes over the accounting years are set out below:

Date of grant	At 31 October 2010	Granted	Exercised	Lapsed	**At 31 October 2011**	Exercise price	Expiry date
Safestore Holdings plc Sharesave scheme							
09/08/2007	41,134	—	—	41,134	**—**	147.0p	09/02/2011
09/09/2007	7,423	—	—	7,423	**—**	176.5p	09/02/2012
09/08/2007	26,287	—	—	11,139	**15,148**	147.0p	09/02/2013
14/08/2008	83,196	—	—	83,196	**—**	118.4p	14/02/2012
14/08/2008	91,871	—	—	64,381	**27,490**	118.4p	14/02/2014
11/08/2011	—	469,067	—	13,883	**455,184**	104.0p	11/02/2015
11/08/2011	—	212,375	—	—	**212,375**	104.0p	11/02/2017
Total	249,911	681,442	—	221,156	**710,197**		
Safestore 2009 Performance Share Plan							
27/03/2009	2,595,685	—	—	353,982	**2,241,703**	0.0p	27/03/2012
24/02/2010	1,133,676	—	—	147,058	**986,618**	0.0p	24/02/2013
01/02/2011	—	1,117,858	—	—	**1,117,858**	0.0p	01/04/2015
Total	3,729,361	1,117,858	—	501,040	**4,436,179**		

No options have been modified since grant under any of the schemes.

22. Retained earnings

	Notes	£'000
Balance at 1 November 2009		211,580
Profit for the year		26,340
Dividend payment	8	(8,812)
Employee share options		189
Tax relating to hedge reserve recycled to income statement		(53)
Balance at 1 November 2010		**229,244**
Profit for the year		13,028
Dividend payment	8	(9,375)
Employee share options		217
Balance at 31 October 2011		**233,114**

Included within retained earnings are ordinary shares with a nominal value of £6,397 (FY2010: £6,397) that represent shares allotted to the Safestore Employee Benefit Trust in satisfaction of awards under the Group's Long-Term Incentive Plan in 2008 and which remain unvested.

23. Other reserves

	Notes	Translation reserve £'000	Hedge reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 November 2009		13,913	(7,128)	211,580	218,365
Profit for the year		—	—	26,340	26,340
Dividends	8	—	—	(8,812)	(8,812)
Exchange differences on translation of foreign operations		(2,767)	—	—	(2,767)
Employee share options		—	—	189	189
Recycling of balances in the translation reserve to finance income in the income statement	3	(431)	—	—	(431)
Change in value of interest rate swaps		—	1,172	—	1,172
Recycling of balances in hedge reserve to finance expense in the income statement		—	8,749	—	8,749
Tax relating to hedge reserve recycled to income statement		—	(2,793)	(53)	(2,846)
Balance at 1 November 2010		**10,715**	**—**	**229,244**	**239,959**
Profit for the year		—	—	13,028	13,028
Dividends	8	—	—	(9,375)	(9,375)
Exchange differences on translation of foreign operations		1,100	—	—	1,100
Employee share options		—	—	217	217
Balance at 31 October 2011		**11,815**	**—**	**233,114**	**244,929**

The translation reserve of £11,815,000 (FY2010: £10,715,000) comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The hedge reserve of £nil (FY2010: £nil) comprises the unrealised elements of derivative financial instruments recognised in equity. The Group ceased hedge accounting in financial year 2010 resulting in the release of the reserve to the income statement.

24. Cash flow from operating activities

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

Cash generated from continuing operations	**2011 £'000**	2010 £'000
Profit before income tax	**8,547**	29,221
Loss/(gain) on investment properties	**18,417**	(18,472)
Depreciation	**168**	168
Change in fair value of derivatives	**8**	(461)
Loss on non-current assets	**—**	280
Impairment of non-current assets	**382**	—
Finance income	**(2,037)**	(721)
Finance expense	**23,435**	38,416
Employee share options	**217**	189
Changes in working capital:		
Increase/(decrease) in inventories	**12**	(28)
Increase in trade and other receivables	**(950)**	(2,886)
(Decrease)/increase in trade and other payables	**(1,410)**	608
Decrease in provisions	**—**	(109)
Cash generated from continuing operations	**46,789**	46,205

25. Analysis of movement in net debt

	2010 £'000	Cash flows £'000	Non-cash movements £'000	**2011 £'000**
Cash in hand	15,481	(893)	86	**14,674**
	15,481	(893)	86	**14,674**
Debt due within one year	—	—	(10,143)	**(10,143)**
Debt due after one year	(309,511)	(25,000)	7,628	**(326,883)**
Total net debt excluding finance leases	(294,030)	(25,893)	(2,429)	**(322,352)**
Finance leases due within one year	(10,005)	5,518	(5,553)	**(10,040)**
Finance leases due after one year	(59,125)	—	6,631	**(52,494)**
Total finance leases	(69,130)	5,518	1,078	**(62,534)**
Total net debt	(363,160)	(20,375)	(1,351)	**(384,886)**

Non-cash movements relate to reclassification of non-current debt to current debt, amortisation of debt issue costs, foreign exchange movements, the acquisition of the freehold of a leasehold property and unwinding of discount.

26. Employees and Directors

Staff costs (including Directors) for the Group during the year	**2011 £'000**	2010 £'000
Wages and salaries	**14,479**	13,366
Social security costs	**2,184**	1,818
Other pension costs	**367**	369
Share based payments	**217**	189
	17,247	15,742

During the period ended 31 October 2011 the Company's equity-settled share based payment arrangements comprised the Safestore Holdings plc Sharesave scheme and the Safestore 2009 Performance Share Plan. The number of awards made under each scheme are detailed in note 21. No options have been modified since grant under any of the schemes.

Average monthly number of people (including Executive Directors) employed	**2011 Number**	2010 Number
Sales	**440**	422
Administration	**81**	73
	521	495

Key management compensation	**2011 £'000**	2010 £'000
Wages and salaries	**2,490**	2,609
Social security costs	**584**	384
Post—employment benefits	**207**	130
Compensation for loss of office	**393**	—
Share based payments	**209**	183
	3,883	3,306

The key management figures given above include Directors.

Directors	**2011 £'000**	2010 £'000
Aggregate emoluments	**1,318**	1,152
Compensation for loss of office	**393**	—
Company contributions paid to money purchase pension schemes	**91**	75
	1,802	1,227

There were three Directors (FY2010: two) accruing benefits under a money purchase scheme.

Fees of £5,444 (FY2010: £25,000) were paid to Bridgepoint Capital Limited for the services provided during the year by Alan Lewis.

27. Contingent liabilities
As part of the Group banking, the Company has guaranteed the borrowings totalling £341.3 million (FY2010: £316.1 million) of fellow Group undertakings by way of a charge over all of its property and assets. There are similar cross-guarantees provided by the Group companies in respect of any bank borrowings which the Company may draw under a Group facility agreement. The financial liability associated with this guarantee is considered remote and therefore no provision has been recorded.

28. Capital commitments
The Group had £17.1 million capital commitments as at 31 October 2011 (FY2010: £12.3 million).

29. Related party transactions
The Group's shares are widely held.

On 19 January 2011 Bridgepoint Capital (Nominees) Limited disposed of their 19% shareholding.

The ultimate parent company of the Group is Safestore Holdings plc.

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

Bridgepoint Capital	**2011 £'000**	2010 £'000
Director fees (for the period 1 November 2010–19 January 2011)	**6**	25

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

	2011 £'000	2010 £'000
Trade payables	**—**	2

30. Events after the reporting period
On 30 December 2010 there was a fire at the La Défense store in Paris which traded under the name "Une Pièce en Plus".

The French head office was also based at this store and was damaged by the fire.

The building, all fixtures and fittings, and customer property stored within the building were fully insured and the Group was also insured for loss of trade and business interruption whilst the store is inoperable.

The store contributed less than 1% of revenue and therefore had no material impact on the business or its performance.

At the balance sheet date there was no certainty as to the value of the insurance receipts for either the building or for loss of profits and therefore no receivable was recorded.

Subsequently on 9 January 2012 the Group received €6.4 million from the insurers in relation to the building.

Discussions with the insurance company regarding the insurance receipts for the loss of profits are ongoing.

31. Parent company
Safestore Holdings plc is a limited liability company incorporated in England and Wales and domiciled in the UK. It operates as the ultimate parent company of the Safestore Holdings plc Group.

Independent auditors' report
to the members of Safestore Holdings plc

We have audited the parent company financial statements of Safestore Holdings plc for the year ended 31 October 2011 which comprise the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 52, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the parent company financial statements:

— give a true and fair view of the state of the company's affairs as at 31 October 2011;

— have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

— the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and

— the information given in the Directors' Report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

— adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

— the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

Other matter
We have reported separately on the group financial statements of Safestore Holdings plc for the year ended 31 October 2011.

Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
26 January 2012

Company balance sheet
as at 31 October 2011

	Notes	Company 2011 £'000	2010 £'000
Fixed assets			
Tangible fixed assets	5	**4**	33
Fixed asset investments	6	**979**	979
		983	1,012
Current assets			
Debtors: amounts falling due within one year	7	**724**	235
Debtors: amounts falling due after more than one year	7	**41,869**	41,498
Cash at bank and in hand		**19**	9
		42,612	41,742
Creditors: amounts falling due within one year	8	**(483)**	(393)
Net current assets		**42,129**	41,349
Total assets less current liabilities		**43,112**	42,361
Net assets		**43,112**	42,361
Capital and reserves			
Called up share capital	9	**1,881**	1,881
Share premium account	10	**28,349**	28,349
Profit and loss reserve	10	**12,882**	12,131
Total shareholders' funds	11	**43,112**	42,361

The Company financial statements on pages 86 to 89 were approved by the Board of Directors on 26 January 2012 and signed on its behalf by:

R D Hodsden
Chief Financial Officer

P D Gowers
Chief Executive Officer

Company registration number 4726380

Notes to the Company financial statements
for the year ended 31 October 2011

1. Accounting policies and basis of preparation
The financial statements are prepared in accordance with applicable accounting standards in the UK and the Companies Act 2006. The particular accounting policies adopted are described below. The financial statements are prepared on a going concern basis under the historical cost convention.

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

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

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

Tangible fixed assets
Fixtures and fittings are stated at historic purchase cost less accumulated depreciation. Costs are all directly attributable costs in bringing the asset into working condition for its intended use. Depreciation has been charged at the rate of 15% per annum on a straight line basis.

Cash flow statement
The Company has taken advantage of the exemption given in FRS 1 and has consequently not prepared a cash flow statement.

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

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

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

Share based payments
Share based incentives are provided to employees under the Company's bonus share plan, performance share plan and employee sharesave schemes. The Company recognises a compensation cost in respect of these schemes that is based on the fair value of the awards, measured using Black-Scholes, Binomial and Monte Carlo valuation methodologies. For equity-settled schemes, the fair value is determined at the date of grant and is not subsequently re-measured unless the conditions on which the award was granted are modified. For cash-settled schemes, the fair value is determined at the date of grant and is re-measured at each balance sheet date until the liability is settled. Generally, the compensation cost is recognised on a straight line basis over the vesting period. Adjustments are made to reflect expected and actual forfeitures during the vesting period due to the failure to satisfy service conditions or non-market performance conditions.

Profit and loss account
Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive payment is established.

Dividends
The annual final dividend is not provided for until approved at the AGM whilst interim dividends are charged in the period they are paid.

2. Results of parent company
As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year amounted to £9,909,000 (FY2010: £8,293,000).

3. Directors' emoluments
The Directors' emoluments are disclosed in note 26 of the Annual Report and financial statements of the Group.

4. Operating profit
The Company does not have any employees (FY2010: none). Auditors' remuneration for the year ended 31 October 2011 was £10,000 (FY2010: £10,000). There were no non-audit services (FY2010: none) provided by the auditors.

5. Tangible fixed assets – fixtures and fittings

	£'000
Cost	
As at 31 October 2010 and at 31 October 2011	**196**
Accumulated depreciation	
As at 1 November 2010	163
Charge for the year	29
At 31 October 2011	**192**
Net book amount	
At 31 October 2011	**4**
At 31 October 2010	33

6. Fixed asset investments

	£'000
Cost and net book value	
At 31 October 2010 and 31 October 2011	**979**

Investments in Group undertakings are stated at cost. The Directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A list of principal subsidiary undertakings is given below. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Interests in subsidiary undertakings
The Company has the following wholly owned subsidiaries, unless stated otherwise:

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

Notes
1 Safestore Acquisition Limited is a 100% subsidiary of Safestore Group Limited.
2 Safestore Limited and Spaces Personal Storage Limited are both 100% subsidiaries of Safestore Acquisition Limited.
3 Mentmore Limited is a 100% subsidiary of Safestore Acquisition Limited.
4 Safestore Properties Limited is a 100% subsidiary of Mentmore Limited.
5 Une Pièce en Plus SAS and Access Storage Holdings (France) S.a.r.l are both 100% subsidiaries of Mentmore Limited.

7. Debtors

	2011 £'000	2010 £'000
Amounts owed by Group undertakings	**534**	—
Trade receivables	**122**	181
Other receivables	**53**	45
Prepayments and accrued income	**15**	9
Debtors due within one year	**724**	235
Amounts owed by Group undertakings	**41,821**	41,453
Deferred tax	**48**	45
Debtors due after more than one year	**41,869**	41,498

8. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade payables	**46**	4
Accruals and deferred income	**437**	389
	483	393

9. Called up share capital

	2011 £'000	2010 £'000
Allotted and fully paid		
188,135,088 (FY2010: 188,135,088) ordinary shares of 1 pence	**1,881**	1,881
At 31 October	**1,881**	1,881

Ordinary shares

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

For details of share options see note 21 in the Group financial statements.

10. Reserves

	Share premium account £'000	Profit and loss reserve £'000
At 1 November 2010	28,349	12,131
Profit for the year	—	9,909
Employee share options	—	217
Dividends paid	—	(9,375)
At 31 October 2011	**28,349**	**12,882**

For details of the dividend paid in the year see note 8 in the Group financial statements.

11. Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Profit for the year	**9,909**	8,293
Dividends paid	**(9,375)**	(8,812)
Employee share options	**217**	189
At 1 November 2010/2009	**42,361**	42,691
At 31 October 2011/2010	**43,112**	42,361

12. Related party transactions

The Company has taken advantage of the exemption available under FRS 8 'Related Party Disclosures' and has not disclosed details of its transactions with related certain parties. This exemption is available as the transactions are with entities that are part of the same group and the consolidated accounts are publicly available.

13. Contingent liabilities

For details of contingent liabilities see note 27 in the Group financial statements.

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

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

SAFESTORE HOLDINGS PLC
Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Safestore Holdings plc (the "Company") will be held at Brittanic House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT on 21 March 2012 at 12.00 noon for the following purposes:

To consider, and if thought fit, pass the following resolutions, of which numbers 1 to 10 will be proposed as ordinary resolutions and numbers 11 to 13 will be proposed as special resolutions:

Ordinary resolutions

1. To receive the Company's annual accounts for the financial year ended 31 October 2011, together with the Directors' report, and the auditors' report on those accounts and on the auditable part of the Directors' remuneration report.
2. To re-appoint PricewaterhouseCoopers LLP as auditors to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which accounts are laid.
3. To authorise the Directors to determine the auditors' remuneration.
4. To declare a final dividend for the year ended 31 October 2011 of 3.55 pence per ordinary share payable to shareholders on the register at the close of business on 16 March 2012.
5. To elect Frederic Vecchioli, (who has been appointed as a Director of the Company since the last Annual General Meeting) as a Director of the Company in accordance with the Company's Articles of Association.
6. To re-appoint Adrian Martin as a Director of the Company in accordance with the Company's Articles of Association.
7. To re-appoint Alan Lewis as a Director of the Company in accordance with the Company's Articles of Association
8. To approve the Directors' remuneration report for the financial year ended 31 October 2011.
9. To authorise the Company and all companies that are its subsidiaries at any time during the period for which this resolution has effect for the purposes of Section 366 of the Companies Act 2006 (the "Act") to:

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

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

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

   during the period beginning with the date of the passing of this resolution and ending at the conclusion of the Company's next Annual General Meeting after the date of the passing of this resolution provided that the maximum amounts referred to in (a), (b) and (c) may comprise sums in different currencies which shall be converted at such rate as the Board may in its absolute discretion determine to be appropriate.
10. THAT for the purposes of Section 551 of the Act and so that expressions used in this resolution shall bear the same meanings as in the said Section 551):

    10.1 the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares and to grant such subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Act respectively up to a maximum nominal amount of £620,846 to such persons and at such times and on such terms as they think proper during the period expiring at the end of the next Annual General Meeting of the Company (unless previously revoked or varied by the Company in general meeting); and further

    10.2 the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (as defined in Section 560 of the Act) in connection with a rights issue in favour of the holders of equity securities and any other persons entitled to participate in such issue where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as maybe) to the respective number of equity securities held by them up to an aggregate nominal amount of £620,846 during the period expiring at the end of the Annual General Meeting of the Company after the passing of this resolution subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

Ordinary resolutions continued

10.3 the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require such shares or rights to be allotted or granted after the expiry of the said period and the Directors may allot such shares or grant such rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution,

so that all previous authorities of the Directors pursuant to the said Section 551 be and are hereby revoked.

Special resolutions

11. THAT, subject to the passing of resolution 10 set out in the Notice convening this Meeting, the Directors be and are empowered in accordance with Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash, pursuant to the authority conferred on them to allot such shares or grant such rights by that resolution as if Section 561(1) and sub-sections (1) - (6) of Section 562 of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:

11.1 the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities (but in the case of the authority granted under Resolution 10.2 by way of a rights issue only) and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

11.2 the allotment (otherwise than pursuant to paragraph 11.1 above) of equity securities up to an aggregate nominal value not exceeding £94,067,

and this power, unless renewed, shall expire at the end of the next Annual General Meeting of the Company after the passing of this resolution but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

12. THAT the Company be and is hereby generally and unconditionally authorised for the purpose of Section 701 of the Act to make market purchases (as defined in Section 693 of the said Act) of ordinary shares of 1 pence each in the capital of the Company ("Ordinary Shares") provided that:

12.1 the maximum number of Ordinary Shares hereby authorised to be purchased is 18,813,509;

12.2 the minimum price (exclusive of expenses) which may be paid for such ordinary shares is 1 pence per share, being the nominal amount thereof;

12.3 the maximum price (exclusive of expenses) which may be paid for such ordinary shares shall be an amount equal to the higher of: (i) 5% above the average of the middle market quotations for such shares taken from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading systems SETS;

12.4 the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the end of the next Annual General Meeting of the Company and the date which is 18 months after the date on which this resolution is passed; and

12.5 the Company may make a contract to purchase its own ordinary shares under the authority conferred by this resolution prior to the expiry of such authority, and such contract will or may be executed wholly or partly after the expiry of such authority, and the Company may make a purchase of its own ordinary shares in pursuance of any such contract.

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

By order of the Board:

S Ahmed
Company Secretary
Registered office:
Brittanic House
Stirling Way
Borehamwood
Hertfordshire WD6 2BT
17 February 2012

Notes to Notice

(i) A member entitled to attend and vote at the Meeting convened by the above Notice is entitled to appoint a proxy to exercise all or any of the rights of the member to attend and speak and vote on his behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The right to appoint a proxy does not apply to any person to whom this notice is sent who is a person nominated under Section 146 of the Act to enjoy information rights (a "Nominated Person").

(ii) To appoint a proxy you may:

(a) use the proxy form enclosed with this Notice of Annual General Meeting. To be valid, the proxy form , together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be received by post or (during normal business hours only) by hand at Capita Registrars PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by logging into www.capitashareportal.com, in each case by no later than 12.00 noon on 19 March 2012 or not later than 48 hours before the time fixed for any adjourned meeting; or

(b) if you hold your shares in uncertificated form, use the CREST electronic proxy appointment service as described in Notes (vi), (vii) and (viii) below.

Completion of the proxy form or appointment of a proxy through CREST will not prevent a member from attending and voting in person.

You may submit your vote electronically at www.capitashareportal.com not later than 48 hours before the time fixed for the Annual General Meeting or adjourned meeting at which your proxy proposes to vote.

(iii) Any member or his proxy attending the Meeting has the right to ask any question at the Meeting relating to the business of the Meeting.

(iv) Pursuant to Section 360B of the Act and Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only shareholders registered in the register of members of the Company as at 6.00pm on 19 March 2012 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 12.00 noon on the day preceding the date fixed for the adjourned Meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

(v) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

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

(vii) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited ("Euroclear UK & Ireland") and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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

(ix) As at 16 February 2012 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 188,135,088 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 17 February 2012 are 188,135,088.

(x) The information required to be published by Section 311(A) of the Act (information about the contents of this notice and numbers of shares in the Company and voting rights exercisable at the meeting and details of any members' statements, members' resolutions and members' items of business received after the date of this notice) may be found at www.safestore.com.

Notes to Notice continued

(xi) Members representing 5% or more of the total voting rights of all the members or at least 100 persons (being either members who have a right to vote at the Meeting and hold shares on which there has been paid up an average sum, per member, of £100 or persons satisfying the requirements set out in Section 153(2) of the Act) may require the Company, under Section 527 of the Act, to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Act. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

(xii) A Nominated Person may, under an agreement between him/her and the member who nominated him/her, have a right to be appointed (or to have someone else appointed) as a proxy entitled to attend and speak and vote at the Meeting. Nominated Persons are advised to contact the member who nominated them for further information on this and the procedure for appointing any such proxy.

(xiii) If a Nominated Person does not have a right to be appointed, or to have someone else appointed, as a proxy for the Meeting, or does not wish to exercise such a right, he/she may still have the right under an agreement between himself/herself and the member who nominated him/her to give instructions to the member as to the exercise of voting rights at the Meeting. Such Nominated Persons are advised to contact the members who nominated them for further information on this.

Explanatory notes to resolutions

Resolutions 5, 6 and 7 – Election of Frederic Vecchioli as a Director and re-election of Adrian Martin and Alan Lewis as Directors (ordinary resolutions)

The Articles of Association of the Company require Frederic Vecchioli, whose biographical details are set out in the Directors' biographies, to retire at the conclusion of the Annual General Meeting because he has been appointed as a Director by the Board of Directors since the conclusion of the previous Annual General Meeting of the Company. Resolution 5 proposes his election as a Director.

Under the Company's Articles of Association, one-third of the Directors are obliged to retire by rotation at each Annual General Meeting. Adrian Martin and Alan Lewis, whose biographical details are set out in the Directors' biographies, will retire by rotation this year in accordance with the Articles of Association. Adrian Martin and Alan Lewis are offering themselves for re-election and resolutions 6 and 7 propose their re-election as Directors.

Resolution 9 – Political donations and political expenditure (ordinary resolution)

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

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

This resolution does not purport to authorise any particular donation or expenditure but is expressed in general terms as required by the Act and is intended to authorise normal donations and expenditure. If passed, resolution 9 would allow the Company and its subsidiaries:

(i) to make donations to political parties or independent election candidates up to an aggregate limit of £100,000;

(ii) to make donations to other political organisations up to an aggregate limit of £100,000; and

(iii) to incur political expenditure (as defined in the Act) up to an aggregate limit of £100,000,

during the period up to the conclusion of the next Annual General Meeting of the Company whilst avoiding inadvertent infringement of the statute. Any political donation made or political expenditure incurred which is in excess of £2,000 will be disclosed in the Company's Annual Report for next year, as required by the Act. The authority will not be used to make political donations within the normal meaning of that expression.

Resolution 9 replaces a similar authority put in place at the Annual General Meeting held on 23 March 2011. No payments were made under this authority.

Resolution 10 – Director's authority to allot shares or grant subscription or conversion rights (ordinary resolution)

The resolution asks shareholders to grant the Directors authority under Section 551 of the Act to allot shares or grant such subscription or conversion rights as are contemplated by Sections 551(1)(a) and (b) respectively of the Act up to a maximum aggregate nominal value of £1,241,692, being approximately 66% of the nominal value of the issued ordinary share capital of the Company as at 17 February 2012. As at 17 February 2012, the Company did not hold any treasury shares. £620,846 of this authority is reserved for a fully pre-emptive rights issue. This is the maximum permitted amount under best practice corporate governance guidelines. The authority will expire at the next Annual General Meeting. The Directors have no present intention of exercising such authority. The resolution replaces a similar resolution passed at the Annual General Meeting of the Company held on 23 March 2011.

Explanatory notes to resolutions continued

Resolution 11 – Disapplication of pre-emption rights (special resolution)

If the Directors wish to allot unissued shares or other equity securities for cash, the Act requires that such shares or other equity securities are offered first to existing shareholders in proportion to their existing holding. Resolution 11 asks shareholders to grant the Directors authority to allot equity securities or sell treasury shares for cash up to an aggregate nominal value of £94,067 (being 5% of the Company's issued ordinary share capital as at 17 February 2012) without first offering the securities to existing shareholders. The resolution also disapplies the statutory pre-emption provisions in connection with a rights issue and allows the Directors, in the case of a rights issue, to make appropriate arrangements in relation to fractional entitlements or other legal or practical problems which might arise. The authority will expire at the next Annual General Meeting. The resolution replaces a similar resolution passed at the Annual General Meeting of the Company held on 23 March 2011.

Resolution 12 – Purchase of own shares by the Company (special resolution)

Resolution 12 to be proposed at the Annual General Meeting seeks authority from shareholders for the Company to make market purchases of its own Ordinary Shares, such authority being limited to the purchase of 10% of the Ordinary Shares in issue as at 17 February 2012. The maximum price payable for the purchase by the Company of its own Ordinary Shares will be limited to the higher of 5% above the average of the middle market quotations of the Company's Ordinary Shares, as derived from the Daily Official List of the London Stock Exchange, for the five business days prior to the purchase and the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an Ordinary Share as derived from the London Stock Exchange Trading System SETS. The minimum price payable by the Company for the purchase of its own Ordinary Share will be 1 pence per Ordinary Share (being the amount equal to the nominal value of an ordinary share). The authority to purchase the Company's own Ordinary Shares will only be exercised if the Directors consider that there is likely to be a beneficial impact on earnings per Ordinary Share and that it is in the best interest of the Company at the time. Company law has been changed recently to allow the Company to hold in treasury any shares purchased by it using its distributable profits. Such shares will remain in issue and capable of being re-sold by the Company or used in connection with certain of its share schemes.

Options to subscribe for up to 5,146,376 ordinary shares have been granted and are outstanding as at 17 February 2012 (being the latest practicable date prior to publication of this document), representing 2.74% of the issued ordinary share capital at that date (excluding shares held in treasury). If the Directors were to exercise in full the power for which they are seeking authority under resolution 12, the options outstanding as at 17 February 2012 would represent 3.04% of the ordinary share capital (excluding shares held in treasury) in issue following such exercise.

Resolution 13 – Calling of general meetings (special resolution)

Resolution 13 to be proposed at the Annual General Meeting seeks authority from shareholders to hold general meetings (other than Annual General Meetings) on 14 days' clear notice. This is permissible under the existing articles of association of the Company and the Act. However, pursuant to the EU Shareholders' Rights Directive and in accordance with published guidance from the Department of Business, Enterprise and Regulatory Reform, specific shareholder approval is required annually in order to retain this ability. The Directors believe that there may be circumstances in which it will be important for the Company to be able to call meetings at such short notice. Accordingly, the Directors believe that it is important for the Company to retain this flexibility.

Directors' recommendation

The Board of Directors considers that each of the resolutions being proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that shareholders vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings

Safestore Holdings plc

Proxy form

for the 2012 Annual General Meeting to be held at 12.00 noon on Wednesday 21 March 2012

I/We the undersigned, being a holder of Ordinary Shares of 1 pence each of the capital of Safestore Holdings plc (the "Company"), hereby appoint the duly appointed Chairman of the meeting (see note 1 below) or

(BLOCK CAPITALS PLEASE)

to act as my/our proxy at the Annual General Meeting of the Company to be held at 12.00 noon on 21 March 2012 at Brittanic House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT and at any adjournment thereof and to vote on my/our behalf as directed below.

Please tick here if this proxy appointment is one of multiple appointments being made ☐

Please indicate with an "X" in the spaces provided how you wish your votes to be cast on a poll. Should this card be returned duly signed, but without specific direction, the proxy will vote or abstain at his/her discretion.

Ordinary resolutions	For	Against	Abstain	Discretion
1. To receive and adopt the Annual Report and Accounts for the year ended 31 October 2011				
2. To re-appoint PricewaterhouseCoopers LLP as auditors				
3. To authorise the Directors to determine the auditors' remuneration				
4. To declare a final dividend of 3.55 pence per ordinary share for the year ended 31 October 2011				
5. To elect Frederic Vecchioli (who has been appointed as a Director of the Company since the last Annual General Meeting) as a Director of the Company				
6. To re-appoint Adrian Martin as a Director of the Company				
7. To re-appoint Alan Lewis as a Director of the Company				
8. To receive and approve the Directors' remuneration report for the year ended 31 October 2011				
9. To authorise political donations and political expenditure				
10. To authorise the Directors to allot shares subject to the restrictions set out in the resolution				
Special resolutions				
11. To authorise the disapplication of pre-emption rights subject to the limits set out in the resolution				
12. To authorise market purchases of shares up to a specified amount				
13. To reduce the notice period for general meetings other than an Annual General Meeting				

Unless otherwise instructed, the proxy may vote as he/she thinks fit or abstain from voting in respect of the resolutions specified and also on any other business (including amendments to resolutions) that may properly come before the meeting.

Signature	Dated
Full name of registered holder(s)	
Address	
	Postcode

Please return this proxy form to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive by 12.00 noon on 19 March 2012.

As an alternative to completing your hard-copy proxy form, you can appoint a proxy electronically at www.capitashareportal.com. For an electronic proxy appointment to be valid, your appointment must be received by no later than 12.00 noon on the 19 March 2012. You will be asked to enter the investor code shown on your share certificate or dividend tax voucher and agree to certain terms and conditions.

If you hold your shares in uncertificated form, you may appoint a proxy using the CREST electronic proxy appointment service, details of which are set out in notes vi, vii and viii to the Notice of Annual General Meeting.

Notes

1. A member of the Company is entitled to appoint a proxy to exercise all or any of his/her rights to attend, speak and vote at a general meeting of the Company.

   A member of the Company may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. To appoint more than one proxy, you should contact Capita Registrars at the address stated in the information included with this proxy form.

2. A member is entitled to appoint a proxy of his own choice. The Chairman of the meeting will act as proxy unless another proxy is chosen. A proxy need not be a member of the Company but must attend the meeting in person.

3. In the case of an individual, this proxy form should be signed by the appointer. In the case of a corporation, this proxy form must be executed under its common seal or under the hand of an officer, attorney or other person duly authorised.

4. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy in respect of the holding will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names appear in the Register of Members in respect of the joint holding.

5. The proxy will act in his/her discretion in relation to any business at the meeting (including any resolution to amend a resolution or to adjourn the meeting).

6. To be effective, the proxy form and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited with Capita Registrars at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time for holding the meeting.

7. Completion and return of this proxy form will not prevent a member from attending and voting at the Annual General Meeting.

8. Any alteration or deletion must be signed or initialled.

Directors and advisers

Directors

R S Grainger	(Non-Executive Chairman)
P D Gowers	(Chief Executive Officer)
R D Hodsden	(Chief Financial Officer)
F Vecchioli	(Executive Director)
A H Martin	(Non-Executive Director)
A S Lewis	(Non-Executive Director)
K G Edelman	(Non-Executive Director)

Company Secretary
S Ahmed

Registered office
Brittanic House
Stirling Way
Borehamwood
Hertfordshire WD6 2BT

Registered company number
4726380

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

Bankers
National Westminster Bank Plc
HSBC Bank Plc
Lloyds TSB Bank Plc
Nationwide Building Society
Alliance & Leicester Plc
BRED BanquePopulaire
Cathay United Bank

Legal advisers
Travers Smith LLP
10 Snow Hill
London EC1A 2AL

Eversheds LLP
115 Colmore Row
Birmingham B3 3AL

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham B3 2DT

Shareholder information
Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0GA

Telephone (in UK) 0871 664 0300
(Calls cost 10 pence per minute plus network extras)

Telephone (from overseas) +44 (0)20 8639 3399

Fax: +44 (0)1484 600 911
E-mail: ssd@capitaregistrars.com
Web: www.capitashareportal.com
Share Portal: www.capitashareportal.com

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

We have a new investor relations website

All the latest news and updates for investors at www.safestore.com

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This Annual Report has been printed on Revive 50 White Silk, a recycled paper stock containing 50% recycled waste and 50% virgin fibre. This report was printed by The Pureprint Group using their environmental print technology which minimises the impact of printing on the environment. Vegetable based inks have been used and 99% of dry waste is diverted from landfill. The Pureprint Group is a CarbonNeutral® company.

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the design portfolio marketing services.
www.design-portfolio.co.uk

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