



**safestore**

**self storage**

**safestore**

**self storage**



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we sell  
boxes  
and packing  
materials

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PI  
GUAF  
BEI

24  
hour  
access

bay 6 bay 7 bay 8 bay 9

# 2011 Interim Results

23 June 2011



Peter Gowers, Chief Executive Officer  
**Introduction**

# Good performance demonstrating our resilience

## Highlights

- Revenues up 7.3% to £45.5m
- Underlying EBITDA up 5.9% to £24.3m
- EPRA adjusted earnings per share up 7.6% to 3.96p
- Interim dividend increased to 1.75p per share



## Operational highlights

- Robust trading, particularly in London, the South-East and Paris
- Rate increased by 3.2% to £26.33
- Occupancy increased by 3 percentage points
- New store openings in Paris and replacements in Bolton and Southend



\*Underlying EBITDA is Earnings Before Interest, Taxation, Depreciation and Amortisation (before exceptional items, change in fair value of derivatives, contingent rent and gains/loss on investment properties)





Richard Hodsdon, Chief Financial Officer  
**Financial Review**

# Improved EBITDA performance

## Summary IFRS income statement

	Six Months ended 30 April 2011 (£m)	Six Months ended 30 April 2010 (£m)	Movement
<b>Revenue</b>	<b>45.5</b>	<b>42.4</b>	<b>7.3%</b>
Operating expenses (excluding exceptionals)	(21.2)	(19.5)	
<b>EBITDA before exceptional items and investment gain</b>	<b>24.3</b>	<b>22.9</b>	<b>5.9%</b>
Depreciation	(0.1)	(0.1)	
Exceptional item, Gain on asset sales, Contingent Rent , CEO change and Impairment of French Assets	(1.7)	(0.3)	
Operating profit before investment (loss)/gain	22.5	22.5	
Investment (loss)/gain	(13.8)	5.0	
Operating profit	8.7	27.5	
Net financing costs (underlying)	(11.4)	(9.5)	
Exceptional/One-off financing, hedging or FX items	3.7	(11.3)	
Profit before tax	1.0	6.7	
Income tax	3.5	(1.9)	
Profit for the year ("Earnings")	4.5	4.8	
Basic EPS	2.38p	2.56p	
<b>Adjusted EPRA EPS*</b>	<b>3.96p</b>	<b>3.68p</b>	<b>7.6%</b>
DPS	1.75p	1.70p	

Cost increases driven by new stores and inflation, especially utilities & rates

Exceptional items relate to CEO replacement & the loss of UPP's head office

Including £2.3m exceptional impairment of La Défense

Deferred tax credit of £3.5m due to change in corporation tax rate

\*Adjusted EPRA EPS is after adding back investment gain, exceptionals, revaluations on leasehold properties, fair value movements on derivatives and the tax thereon.



# Cash flow reconciliation

	Six Months ended 30 April 2011 (£m)	Six Months ended 30 April 2010 (£m)
Operating profit (before investment gain/(loss))	22.5	22.5
Working capital, non-cash movements and exchange gains	(0.4)	(1.1)
<b>Operating cash flow</b>	<b>22.1</b>	<b>21.4</b>
Non-discretionary cash flow		
Maintenance capex (including signage)	(2.0)	(1.0)
Net interest payments	(7.5)	(6.5)
UK GAAP rental payments	(5.5)	(5.6)
Term facility repayments	-	(2.0)
<b>Total non-discretionary cash flow</b>	<b>(15.0)</b>	<b>(15.1)</b>
Discretionary cash flow		
Expansion capex	(8.8)	(7.0)
Dividends paid	(6.1)	(5.6)
Costs associated with refinancing and new hedging arrangements	-	(16.4)
New cash raised/Borrowings drawn	8.0	18.0
<b>Total discretionary cash flow</b>	<b>(6.9)</b>	<b>(11.0)</b>
<b>Net increase/(decrease) in cash</b>	<b>0.2</b>	<b>(4.7)</b>

Higher interest charge under the new banking facility

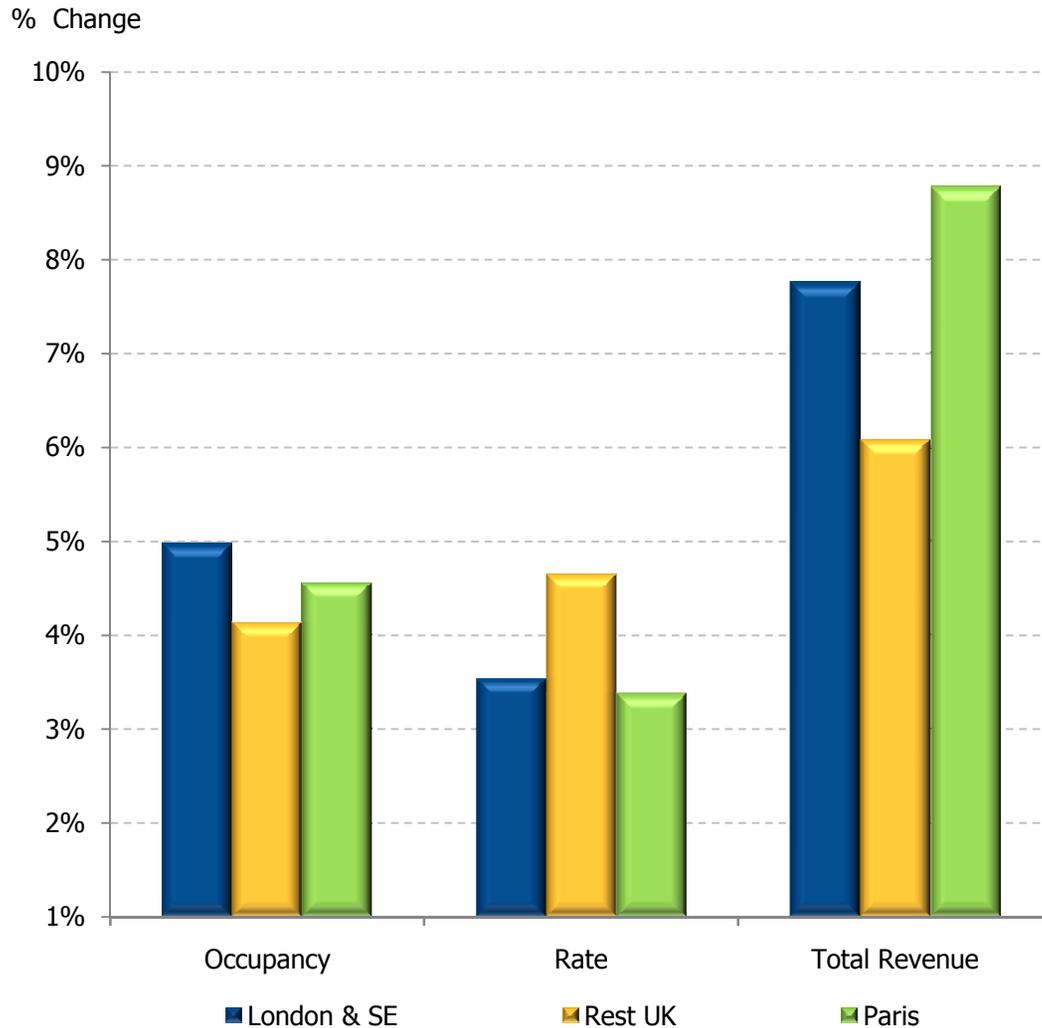
No repayment due yet under new facilities

One off refinancing costs



# Pleasing performance across all geographical regions

Occupancy, rate, revenue performance change in constant currency



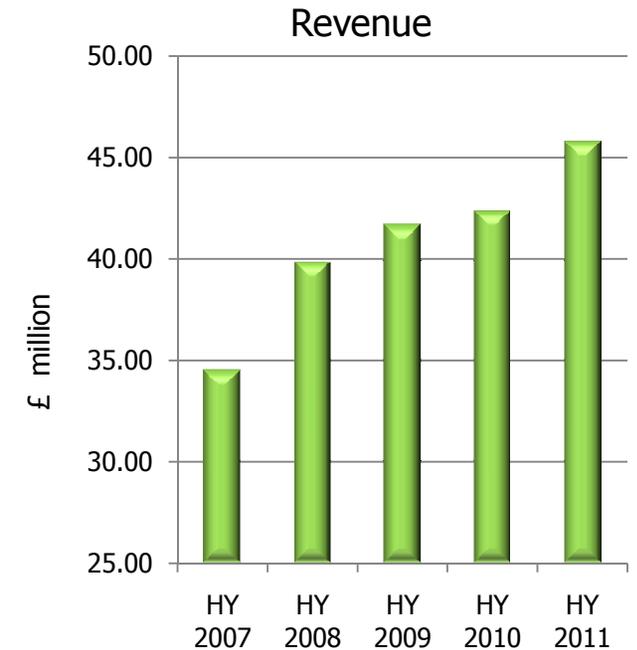
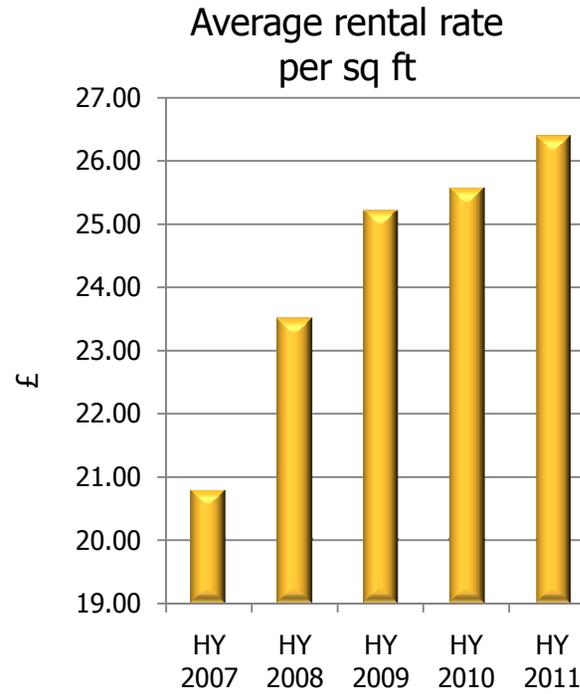
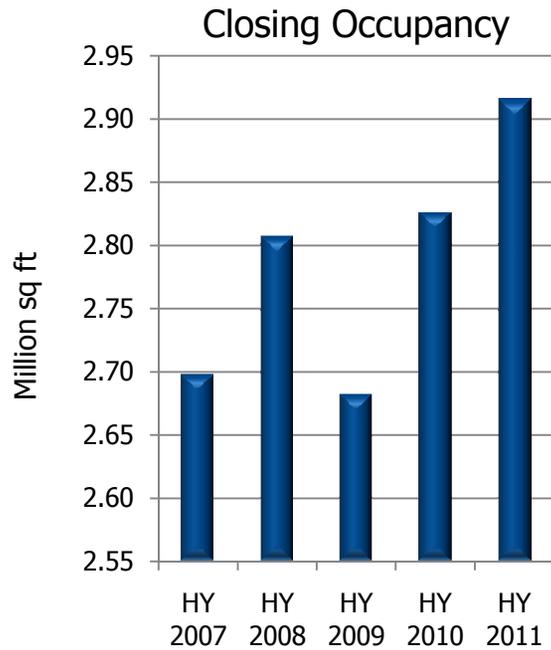
- All regions contributing to revenue growth
- London and Paris delivered strongest occupancy growth
- Rate growth in all regions but Rest of UK strongest

Excluding La Défense  
Unless otherwise stated comparisons are to H1 2010



# Continued key KPI growth

Group total occupancy, average rate and revenue growth



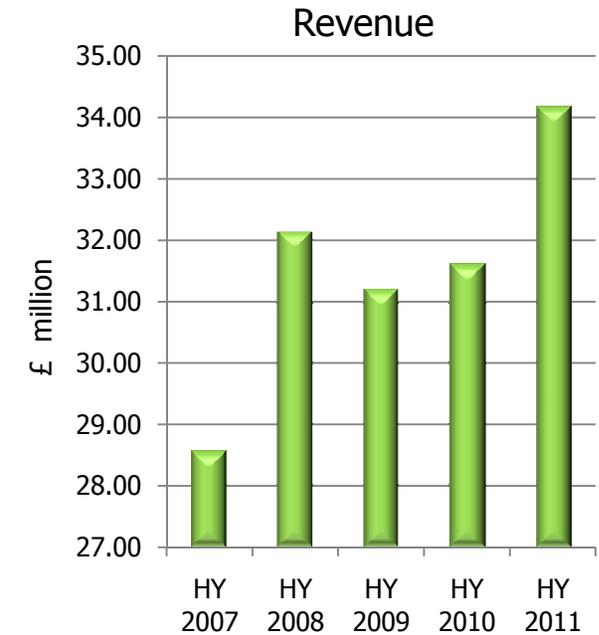
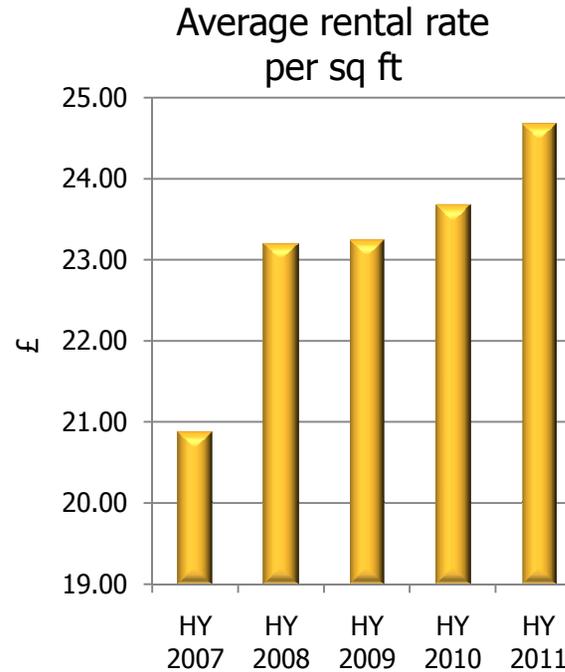
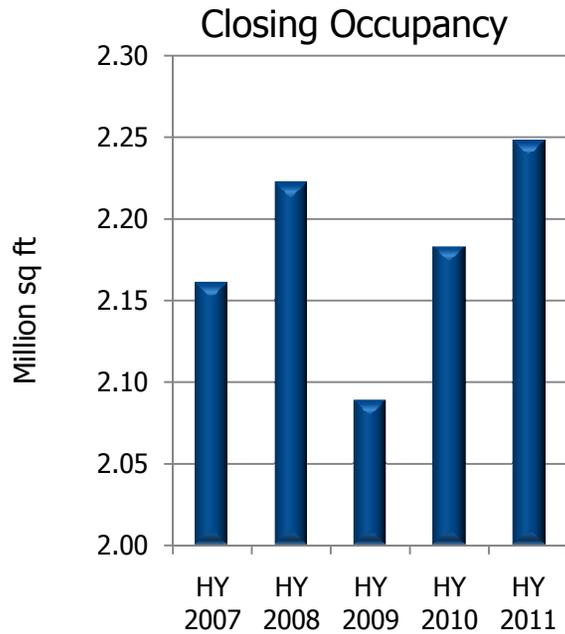
- Closing occupancy is up 3% this year on last and has continued to grow post credit crunch adjustment
- Average rental rate are up 3.2% this year on last and have continued to grow throughout the period
- Revenue up 7.3% this year on last driven by growth in rental rate, occupancy and ancillary sales

Excluding La Défense  
Unless otherwise stated comparisons are to H1 2010



# Safestore recovering steadily

## UK total occupancy, average rate and revenue growth



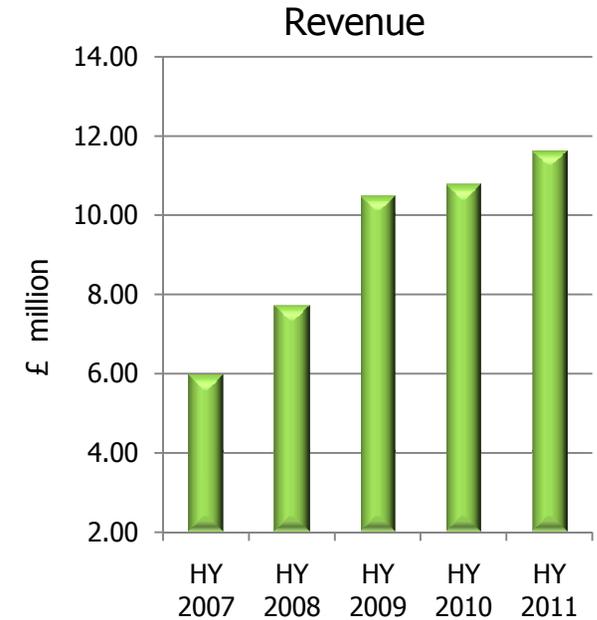
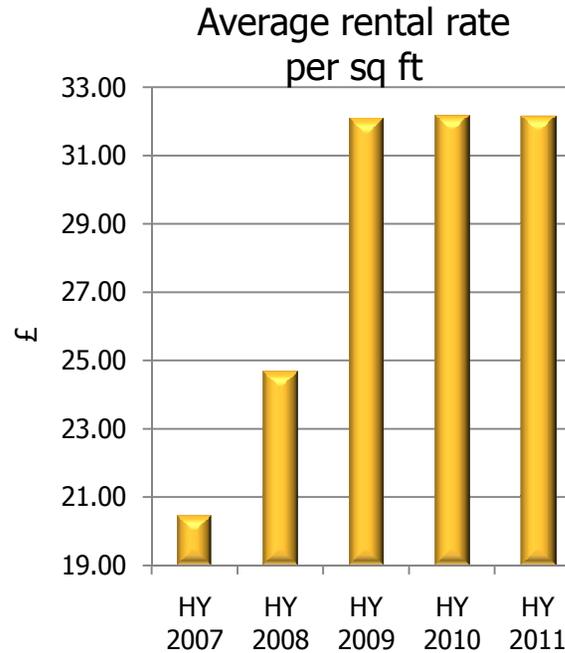
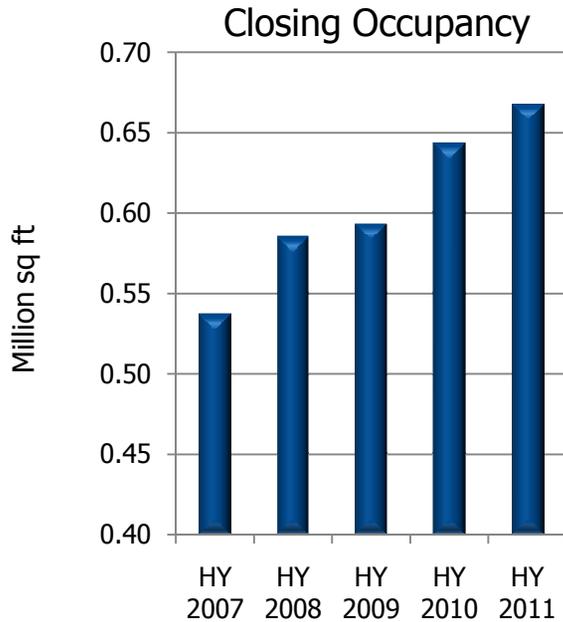
- Occupancy trend mirrors that of the Group; three years of growth post credit crunch
- Revenue has continued to grow through the period with a pick up in pace in HY2010 and HY2011
- Revenue took a step back post credit crunch but is now back significantly above HY2008 levels

Unless otherwise stated comparisons are to H1 2010



# UPP continues to extend its reach

## Paris total occupancy, average rate and revenue growth



- 🔒 Economy proven far more resilient than the UK post credit crunch delivering continual revenue growth
- 🔒 Dominant position in central Paris with limited competition has allowed continued occupancy growth
- 🔒 Rate growth has slowed due to location mix – new stores added outside the 'central' Paris area

Excluding La Défense  
Unless otherwise stated comparisons are to H1 2010



# The impact of the slowing economy on new lets

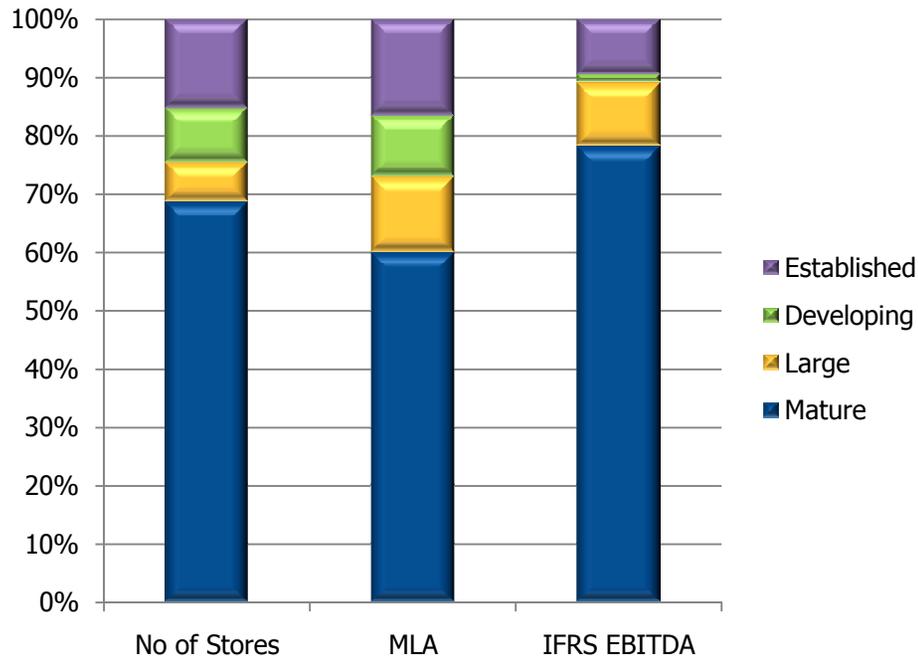
	Q1 2011 Vs Q1 2010	Q2 2011 Vs Q2 2010	Total H1 2011 Vs H1 2010
Personal (including students)	+7%	+3%	+5%
Business	+14%	-1%	+6%
<b>Total</b>	<b>+9%</b>	<b>+3%</b>	<b>+5%</b>

- Personal customer new lets slowed in Q2 but were still up year on year
- Business customer new lets slowed significantly in Q2 and were behind last year
- Solid start to Q3 to date



# Mature store performance remains key

Portfolio Snapshot - April 2011



Portfolio Snapshot - April 2010



- Mature stores represent nearly 80% of the portfolio EBITDA, or nearly 90% including large stores
- Mature stores are less than 70% of the portfolio by store numbers and 60% by MLA
- There has been little change in the mix year on year



# Mature stores recovering well

- Mature store occupancy is at 65% at 30 April 2011, consistent with the occupancy at 30 April 2010
- Actual occupancy has increased by 52,000 sq ft year on year to 1.92m sq ft
- We have closed three mature stores in the period, one due to fire and two as relocations to new stores
- This has reduced the mature store occupancy by 37,000 sq ft or 1.25% in the period
- Average rental rate is up by 2.8% to £28.53
- Revenue has increased by 9.4% year on year to £33.6m
- EBITDA, after the allocation of central costs, has increased by 8.3% to £19.0m
- The EBITDA margin has decreased marginally to 56.4% from 57.0% last year.
- The portfolio analysis slide is included in the appendices on slide 39



# Property portfolio valuations – Cushman & Wakefield

Location	Tenure	Stores	Maximum Lettable Area ('000 sq ft)	Valuation as at 30 April 2011 (£)	Movement since 31 October 2010 (£)
UK	Freehold	55	2,132	415.8m	6.2m
	Long leasehold	7	420	45.8m	1.8m
	Short leasehold	34	1,381	82.2m	(5.7m)
France	Freehold	9	379	89.6m	1.8m
	Short leasehold	13	507	60.2m	2.3m
<b>Total</b>		<b>118</b>	<b>4,819</b>	<b>693.6m</b>	<b>6.4m</b>

 New stores have contributed £17.0m of valuation uplift

 La Défense store – valuation decrease of £6.6m

 Existing UK portfolio – valuation decrease of £9.7m

 Existing French portfolio valuation up £5.7m (excl La Défense)

 French portfolio valuation benefitted from FX gain of £3.6m

<sup>1</sup> UK long leaseholds typically more than 50 years

<sup>2</sup> UK short leaseholds typically 25 years

<sup>3</sup> French short leaseholds typically 9 years but akin to freeholds because of security of tenure

\*For valuation purposes MLA includes offices



# Property valuation metrics reflect economic conditions

Key variables	April 2011	October 2010	April 2010
Average Self Storage Rate per Sq Ft	£26.33	£25.55	£25.51
Exit Cap Rate	7.88%	7.87%	7.90%
Weighted average stabilised occupancy	78.80%	79.46%	77.40%
Stabilised Occupancy in Sq Ft	3.89m	3.97m	3.92m
Average number of months to stabilised occupancy	42	38	43

- 🔒 Average self storage rate has increased by 3.2%
- 🔒 Exit cap rate basically unchanged
- 🔒 Like for like average stabilised occupancy reduced by 1.2%
- 🔒 Average time to stability increased by 4 months to 42 months



## 3 new stores opened in period delivering over 100,000 sq ft of MLA

Pipeline store / site	Full planning	Pipeline MLA sq. Ft	Opened / estimated opening
<b>Stores opened in H1 FY2011</b>			
Bolton *	✓	19,700	Nov-10
Southend *	✓	31,938	Nov-10
Trappes (Paris)	✓	53,000	Dec-10
<b>Total sq ft added H1</b>		<b>104,638</b>	
<b>Development stores acquired / under contract</b>			
Torcy/Bussy (Paris)	✓	60,250	Opened May-11
Friern Barnet	✓	48,000	Expected Nov-11
Gonesse (Paris)	✓	46,000	2011/12
Staines	✓	43,450	2011/12
Vélizy (Paris)		49,500	2012/13
Chiswick	✓	43,500	2012/13
Birmingham *		15,084	2012/13
Leeds *		11,399	2012/13
Wandsworth *	✓	23,300	2012/13
<b>Total sq ft in pipeline</b>		<b>340,483</b>	

🔒 Pipeline of 9 expansion stores totalling 340,000 sq ft of MLA. Of these:

- 🔒 All nine are freehold
- 🔒 Two store openings Bussy, Paris and Friern Barnet, London opening in H2 2011
- 🔒 Of the remaining seven pipeline sites to open in future years three have planning permission and three are relocations of existing stores

🔒 Number of trading stores at HY was 96 in the UK and 22 in Paris. Pipeline sites will increase the store portfolio by 6 stores to 124

🔒 Associated Capex for UK of £49.9m, of which £17.9m has been spent as at 30 April 2011 (this includes stores opened in H1)

🔒 Associated Capex for France of €23.5m, €10.8m of which has been spent as at 30 April 2011 (this includes stores opened in H1)

\* Replacement stores - the sq ft noted is the approximate net additional space added





Peter Gowers, Chief Executive Officer  
**Initial Impressions**

# Safestore is well positioned for growth



- 🔒 Premium storage market has considerable growth potential
- 🔒 Safestore is in a strong competitive position
- 🔒 Opportunities to use our scale to add further value



# Premium storage market has considerable growth potential



- 🔒 Main drivers of premium storage:
  - 🔒 Events
  - 🔒 Solutions
- 🔒 Medium term macro trends are favourable
- 🔒 Industry still in its infancy
- 🔒 Further opportunities to grow



Safestore is in a strong competitive position in the UK and France



# Safestore has a comprehensive offer for personal and business customers



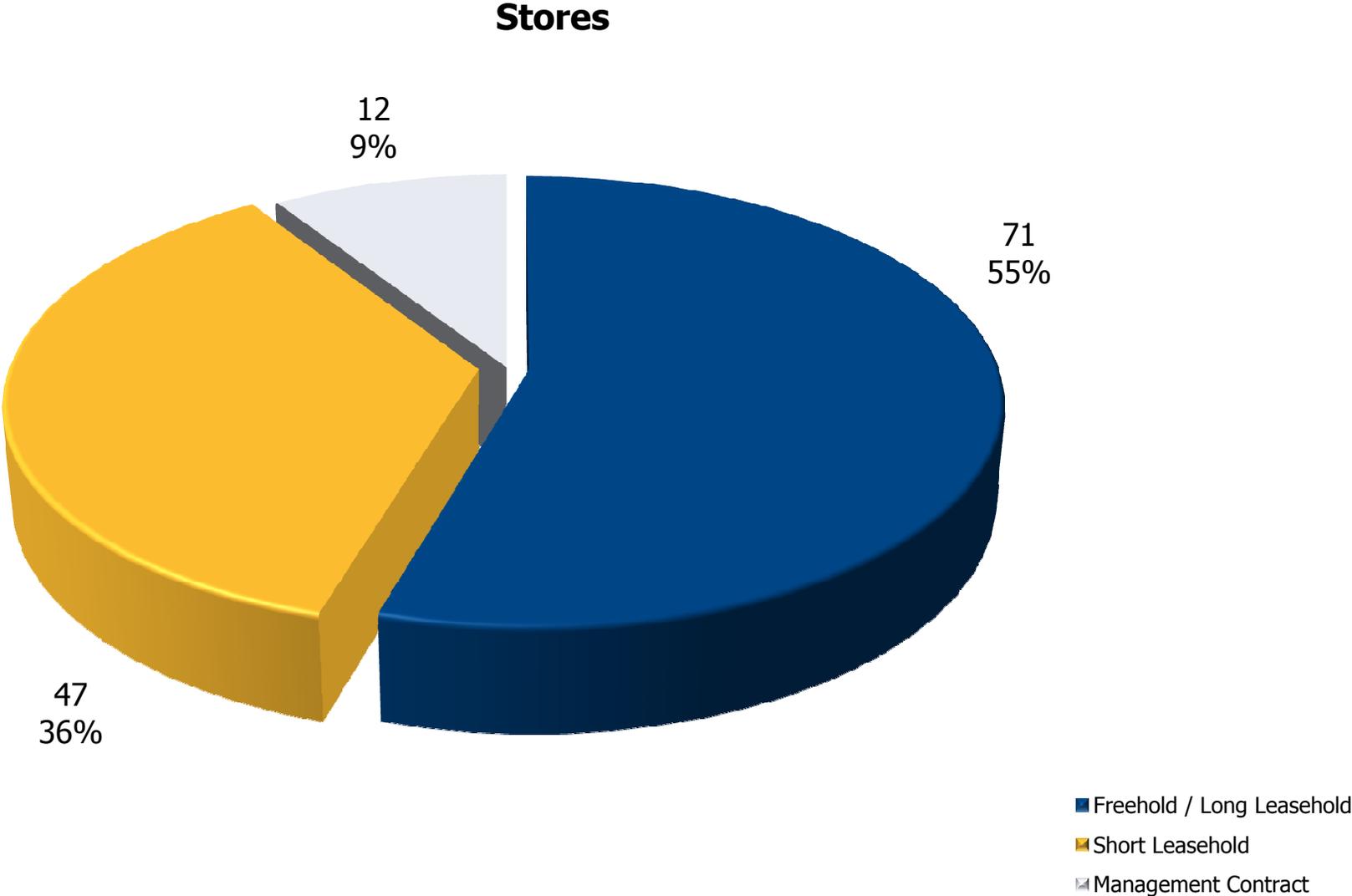
- Well located stores
- Wide unit range
- Packing materials
- Specialist advice

- Nationwide footprint
- Wide unit range
- Centralised billing
- Support services

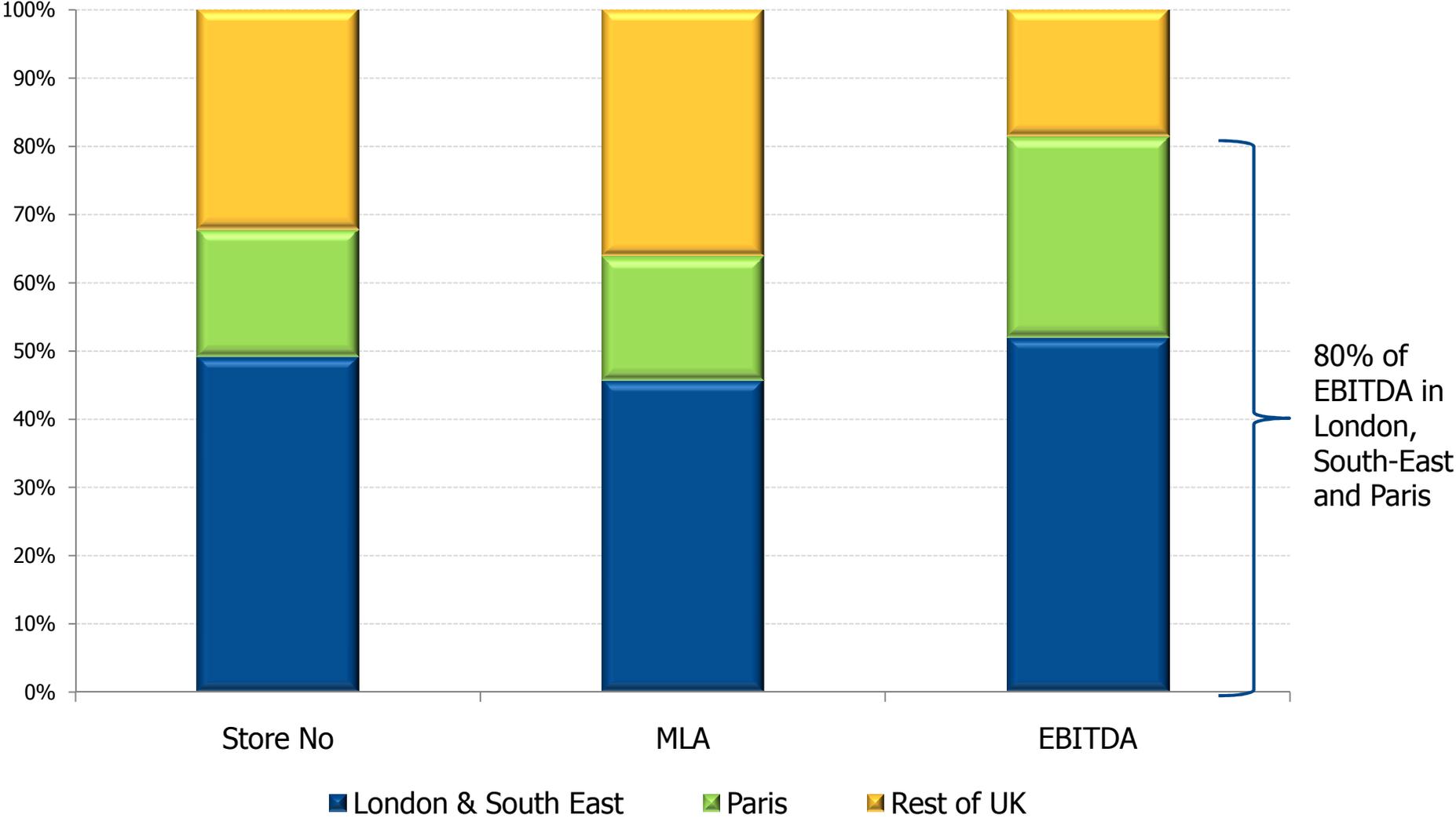




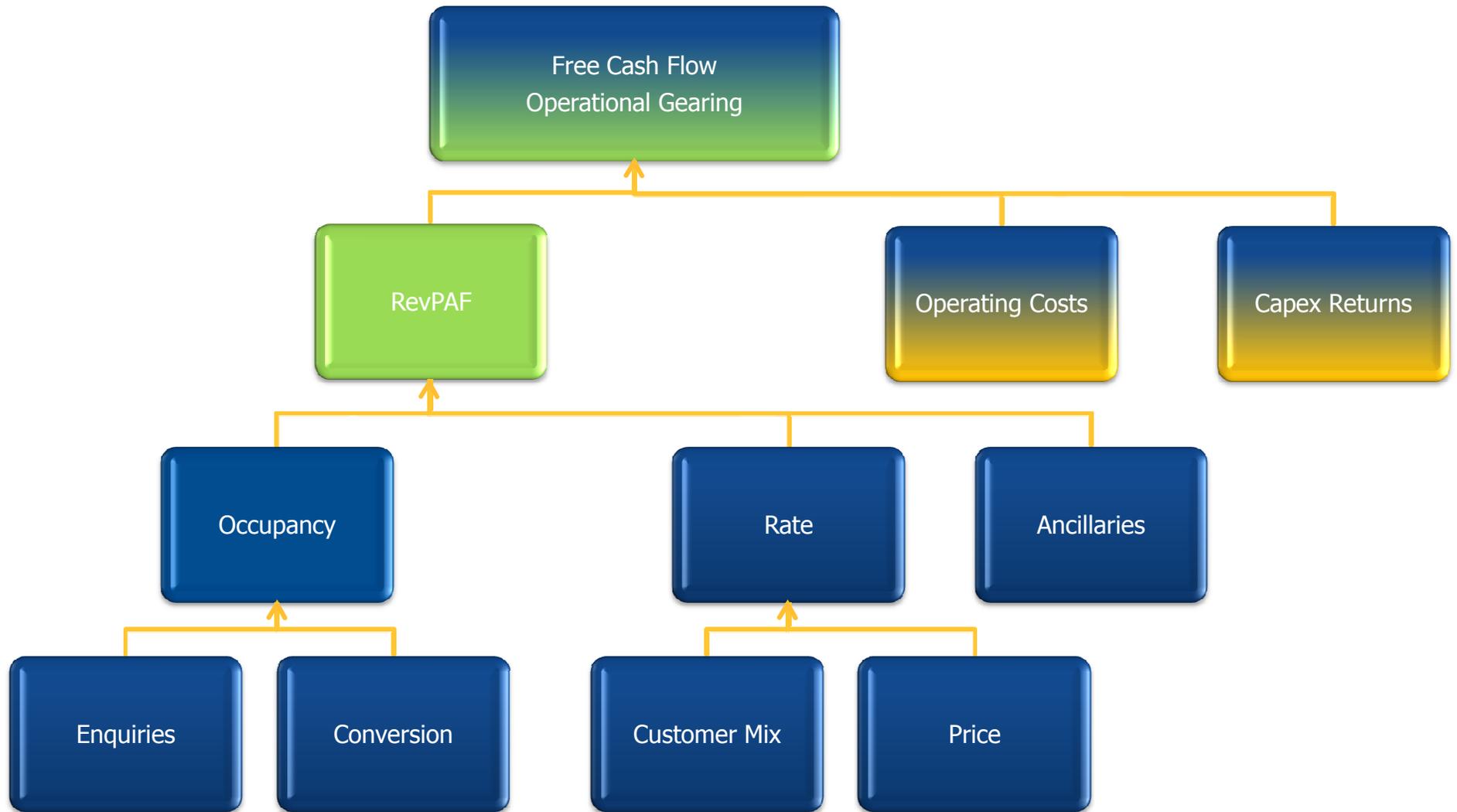
# Safestore has the ability to grow with different business models



# Safestore has geographic earnings diversity

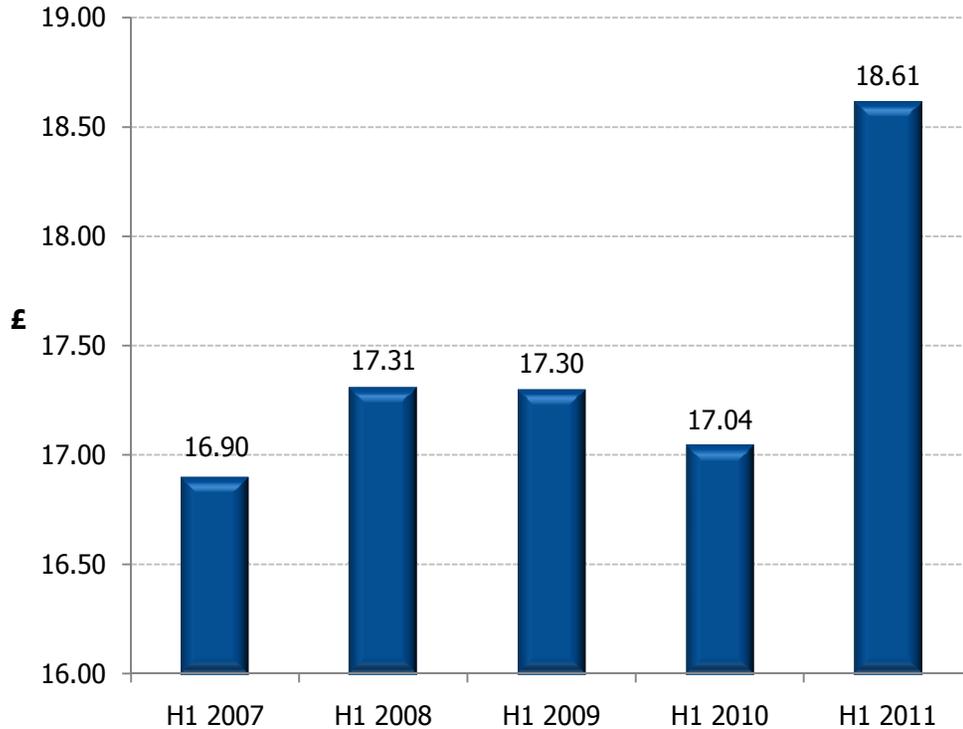


# RevPAF will be a key focus to deliver on operational gearing effects

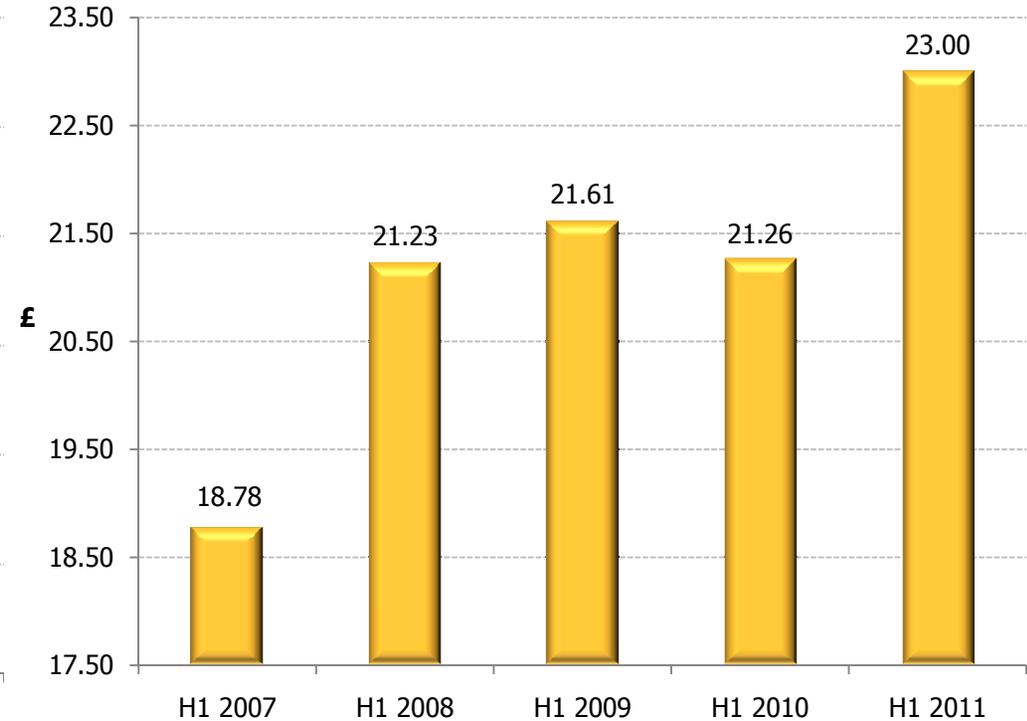


# REVPAF recovering for both total store portfolio and mature stores

## Total Store Portfolio



## Mature Stores



REVPAF calculation based on total revenue for ease of comparison to other companies

REVPAF calculation based on mature stores only, the most effective measure

Excluding La Défense



# Scale can help us drive further RevPAF and value



- Execution Focus
- Colleague Engagement



- Differentiation
- Enquiry Growth



- Propco Mentality
- Asset Returns

- Yield Management
- Sales and Productivity



# Safestore has opportunities to strengthen brand power

**safestore™ self storage**



**Space maker Self Storage**



- 🔒 Integrated approach
- 🔒 Customer focus
- 🔒 Great name – strengthen brand relevance
- 🔒 Update web and leverage scale in distribution



# First steps – initial changes to web presence



Simplified layout

Cross-promotion of call centre number



Call us to get a quote  
**0800 444 800**



Dedicated personal and business sections



# Operational excellence is a Safestore strength



- Managing RevPAF
- Yield management
- Flexible strategies by location



# Ongoing progress – Space Specialist



More than 300 UK team-members trained to advise customers



# Asset management focus will help create value



- 🔒 Manage for yield
- 🔒 Internal property focus
- 🔒 Appropriate business models





Progress update – acquisition of London Pentonville Road freehold

# Aligning the team behind strategy drives productivity



🔒 Maintain operational focus

🔒 Alignment on drivers of RevPAF

🔒 Efficiency and productivity



# Outlook

- 🔒 Good results, demonstrating resilience
- 🔒 Challenging comparables for second half of the year
- 🔒 Economic visibility is limited
- 🔒 Cautious short-term outlook
- 🔒 Confidence in position, operating model and opportunities for value



# safestore<sup>TM</sup> self storage

loading bay

reception

- 24-hour access
  - 24-hour security
  - 24-hour CCTV
  - Fire alarm & extinguishers
  - 24-hour emergency contact
- Everything you need to  
store, move and secure  
your goods safely.
- Boxes
  - Bubblewrap
  - Packing Tapes
  - Storage Crates
  - Packing



## Appendices

# Portfolio summary under IFRS

	April 2011					April 2010				
	Developing (Sq ft '000)	Established (Sq ft '000)	Mature (Sq ft '000)	Large (Sq ft '000)	Total (Sq ft '000)	Developing (Sq ft '000)	Established (Sq ft '000)	Mature (Sq ft '000)	Large (Sq ft '000)	Total (Sq ft '000)
Number of Stores	11	18	81	8	118	14	14	80	8	116
MLA (self storage only)	515	815	2,961	642	4,933	710	645	2,895	770	5,021
Occupancy (self storage only)	193	417	1,922	383	2,915	232	344	1,870	380	2,826
Occupancy (%age)	38%	51%	65%	60%	59%	33%	53%	65%	49%	56%
For six months to: April 2011	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Average rate (per sq ft)	21.09	23.54	28.53	19.97	26.33	17.83	23.97	27.76	20.07	25.51
Self storage income	1,579	4,435	27,321	3,800	37,135	1,802	3,878	25,341	3,771	34,792
Ancillary income	378	857	4,337	531	6,103	414	721	3,974	499	5,608
Other income	10	132	1,963	185	2,290	525	3	1,419	87	2,035
<b>Total Income</b>	<b>1,967</b>	<b>5,424</b>	<b>33,621</b>	<b>4,516</b>	<b>45,528</b>	<b>2,742</b>	<b>4,603</b>	<b>30,733</b>	<b>4,357</b>	<b>42,435</b>
Store EBITDA (IFRS)	530	2,851	22,169	3,053	28,603	952	2,489	20,243	3,003	26,687
<i>Store EBITDA margin (%age)</i>	27%	53%	66%	68%	63%	35%	54%	66%	69%	63%
Central overhead allocation	187	516	3,196	429	4,328	243	408	2,722	386	3,759
<b>Store Net Operating Income</b>	<b>343</b>	<b>2,336</b>	<b>18,973</b>	<b>2,624</b>	<b>24,275</b>	<b>709</b>	<b>2,081</b>	<b>17,521</b>	<b>2,617</b>	<b>22,928</b>
<i>NOI margin (%age)</i>	17%	43%	56%	58%	53%	26%	45%	57%	60%	54%
Rent Charge	253	894	4,266	110	5,523	365	1,197	4,293	92	5,947
UK GAAP EBITDA	90	1,441	14,707	2,514	18,752	343	884	13,228	2,526	16,981

Unless otherwise stated comparisons are to H1 2010  
 Developing: < 2 full financial years, Established: 2 to 5 full financial years, Mature: over 5 full financial years, Large: > 65,000 sq ft



# EPRA Adjusted Income Statement

	Six Months ended 30 April 2011 (£m)	Six Months ended 30 April 2010 (£m)	Movement
<b>Revenue</b>	<b>45.5</b>	<b>42.4</b>	<b>7.3%</b>
Operating expenses (excluding exceptionals)	(21.3)	(19.5)	
<b>EBITDA before exceptional items and investment gain</b>	<b>24.3</b>	<b>22.9</b>	<b>6.0%</b>
Depreciation	(0.1)	(0.1)	
Exceptional item, Gain on asset sales, Contingent Rent , CEO change and Impairment of French Assets	(0.2)	(0.3)	
Operating profit before investment (loss)/gain	23.9	22.5	<b>6.4%</b>
Investment (loss)/gain	(2.7)	(2.8)	
Operating profit	21.2	19.7	<b>7.6%</b>
Net financing costs (underlying)	(11.4)	(9.5)	
Exceptional/One-off financing, hedging or FX items	-	(0.3)	
Profit before tax	9.8	9.9	
Income tax	(2.4)	(3.0)	
Profit for the year ("EPRA Earnings")	7.4	6.9	<b>7.6%</b>
<b>Adjusted EPRA EPS*</b>	<b>3.96p</b>	<b>3.68p</b>	<b>7.6%</b>

 Income Statement with EPRA adjustments posted (see note 10 for details)

# Summary IFRS balance sheet

	Six Months ended 30 April 2011 (£m)	Six Months ended 30 April 2010 (£m)
<b>Assets</b>		
<b>Non-current assets</b>		
Investment properties	692	654
Development properties	15	18
Other non-current assets	75	77
<b>Non-current assets</b>	<b>782</b>	<b>749</b>
<b>Current assets</b>	<b>37</b>	<b>38</b>
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>(53)</b>	<b>(46)</b>
<b>Non-current liabilities</b>		
Bank borrowings	(317)	(308)
Deferred tax liabilities	(117)	(123)
Obligations under finance leases	(57)	(53)
Other non-current liabilities	(4)	(6)
<b>Non-current liabilities</b>	<b>(495)</b>	<b>(490)</b>
<b>Net assets</b>	<b>271</b>	<b>251</b>
Adjusted EPRA NAV per share*	209.12	200.67

\* Adjusted NAV is after adding back the deferred tax on revaluation and excluding fair value adjustments for debt and related derivatives



# Net debt and facilities

Net Debt Position	Half Year 30 April 2011 (£m)	Year ended 31 October 2010 (£m)
Available facilities at the year end*	385.6	385.6
Total bank borrowings (gross of FRS 4 Adjustment)	324.7	316.0
Cash	(15.7)	(15.5)
Net debt	309.0	300.5

\* €40m facility translated at €1.1230:£1 (rate at 30 April 2011)

New Covenants (consolidated level only)	Covenant
<b>Interest Cover Ratio</b>	
Quarterly to Jan 2012	Not less than 1.60:1
Quarterly to Jan 2013	Not less than 1.80:1
Thereafter	Not less than 2.00:1
<b>Loan to Value</b>	
Quarterly to July 2012	Not more than 0.65:1
Thereafter	Not more than 0.60:1

N.B The value of the French property is limited to €70m



# Customer average length of stay in the UK

Age of Store		< 1year		1-2 Years		2-5 Years		> 5 Years		Portfolio at Apr 2011		Portfolio at Oct 2010	
N° of Stores		4		4		15		71		94		94	
		(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)
Business	Existing	18	4.1	37	8.4	66	15.1	134	30.9	119	27.4	116	26.8
	Vacated	8	1.8	14	3.3	26	6.0	44	10.2	43	10.0	44	10.1
	Total	15	3.4	23	5.2	38	8.8	52	12.0	51	11.8	52	12.1
Domestic	Existing	15	3.4	28	6.6	49	11.2	99	22.8	85	19.7	82	18.9
	Vacated	8	1.8	13	3.1	20	4.6	30	6.9	29	6.7	29	6.7
	Total	12	2.8	17	3.9	25	5.8	35	8.0	34	7.7	33	7.7
All	Existing	16	3.6	30	7.0	53	12.3	110	25.3	95	22.0	92	21.3
	Vacated	8	1.8	13	3.1	21	4.8	33	7.7	32	7.5	32	7.4
	Total	12	2.9	18	4.1	27	6.3	39	9.0	38	8.7	37	8.7

Excluding BC Queens Dock & BC Battersea



# Customer average length of stay in France

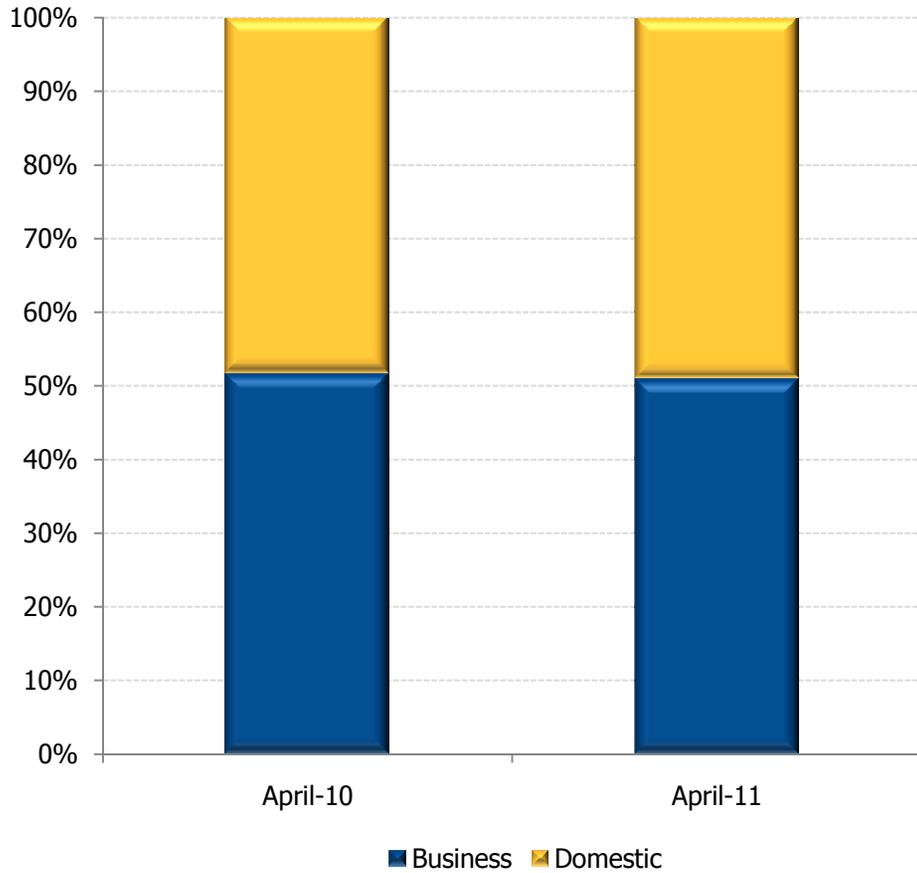
Age of Store		< 1year		1-2 Years		2-5 Years		> 5 Years		Portfolio at Apr 2011		Portfolio at Oct 2010	
N° of Stores		2		1		3		16		22		22	
		(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)	(wks)	(mths)
Business	Existing	13	2.9	39	9.0	65	15.1	132	30.5	120	27.6	118	27.3
	Vacated	8	1.9	20	4.7	27	6.3	53	12.2	51	11.8	53	12.1
	Total	12	2.7	31	7.1	40	9.1	64	14.9	62	14.4	63	14.5
Domestic	Existing	11	2.6	37	8.6	59	13.6	126	29.0	109	25.1	106	24.5
	Vacated	8	1.8	21	4.8	26	6.0	47	11.0	46	10.5	48	11.0
	Total	10	2.3	29	6.6	34	7.9	58	13.4	55	12.8	57	13.1
All	Existing	12	2.7	37	8.6	58	13.3	128	29.4	112	25.7	109	25.1
	Vacated	8	1.8	21	4.8	25	5.8	48	11.2	47	10.8	49	11.3
	Total	10	2.4	29	6.6	34	7.8	59	13.7	57	13.1	58	13.4

Excluding La Défense

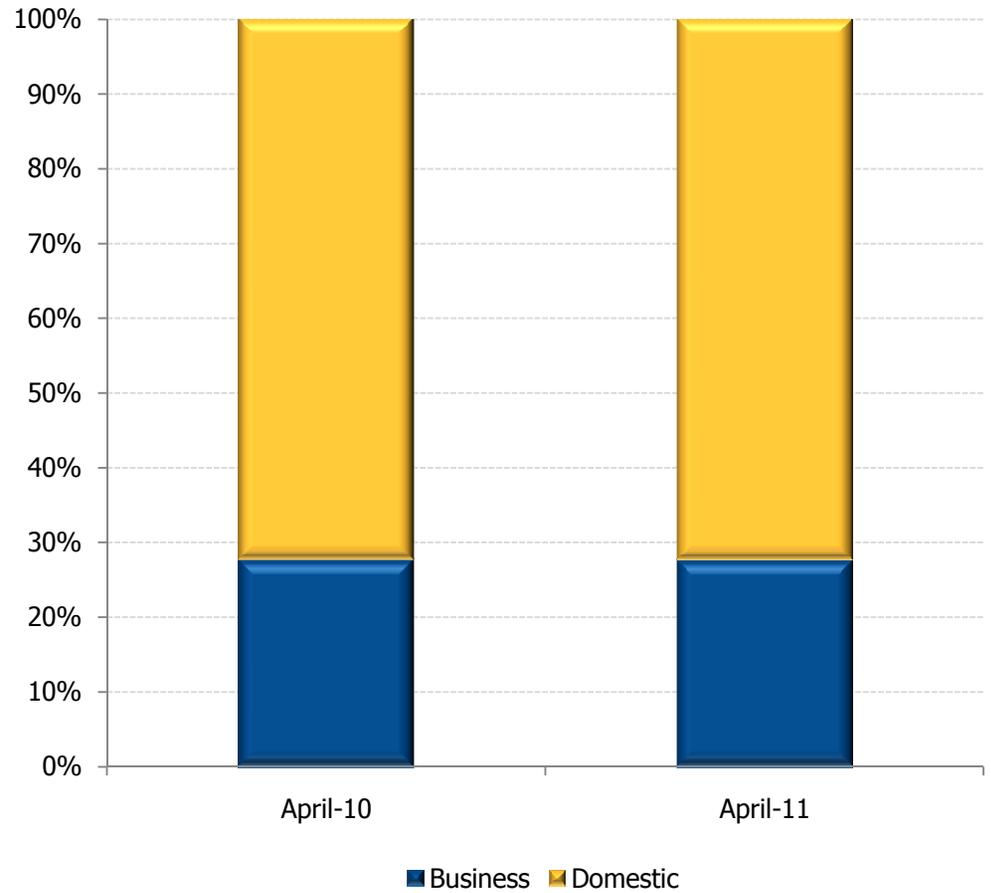


# Customer split

## Occupancy



## Number



Excluding La Défense  
Domestic includes students  
Unless otherwise stated comparisons are to H1 2010



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