14 June 2018

Safestore Holdings plc
("Safestore", "the Company" or "the Group")

Interim results for the 6 months ended 30 April 2018

Good H1 performance, Alligator integration progressing well, on course to meet full year expectations

Key Measures	**6 months ended 30 April 2018**	**6 months ended 30 April 2017**	**Change[1]**	**Change-CER[2]**
Underlying and Operating Metrics- total				
Revenue	£69.2m	£62.6m	10.5%	9.7%
Underlying EBITDA[3]	£39.1m	£34.9m	12.0%	11.2%
Closing Occupancy (let sq ft- million)[4]	4.50	3.94	14.2%	n/a
Closing Occupancy (% of MLA)[5]	71.5%	69.8%	+1.7ppts	n/a
Average Storage Rate	£25.91	£26.85	(3.5%)	(4.2%)
Adjusted Diluted EPRA Earnings per Share[6]	12.6p	10.4p	21.2%	n/a
Free Cash flow[7]	£23.1m	£23.2m	(0.4%)	n/a
EPRA Basic NAV per Share	£3.57	£3.14	13.7%	n/a
Underlying and Operating Metrics- like-for-like[8]				
Revenue	£64.7m	£61.4m	5.4%	4.6%
Underlying EBITDA[3]	£36.7m	£34.1m	7.6%	6.7%
Closing Occupancy (let sq ft- million)[4]	4.09	3.88	5.4%	n/a
Closing Occupancy (% of MLA)[5]	73.4%	69.9%	+3.5ppts	n/a
Average Occupancy (let sq ft- million)[4]	4.03	3.84	4.9%	n/a
Average Storage Rate	£26.76	£26.75	=	(0.8%)
Statutory Metrics				
Profit before tax	£81.9m	£55.0m	48.9%	n/a
Basic Earnings per Share	40.3p	28.1p	43.4%	n/a
Dividend per Share	5.1p	4.2p	21.4%	n/a

Highlights

Good Financial Performance
- Group Revenue up 10.5% (9.7% at CER[2])
- Group like-for-like[8] revenue at CER[2] up 4.6% with UK up 4.3% and Paris up 5.6%
- Adjusted Diluted EPRA EPS up 21.2% at 12.6p
- 21.4% increase in the interim dividend to 5.1p

Operational Progress
- Strongest occupancy performance in the last five years as like-for-like increases of 5.2% in UK and 6.0% in Paris drive 210,000 sq ft or 5.4% growth in Group closing occupancy to 4.09m sq ft (4.50m sq ft including Alligator and new stores)
- Alligator acquisition integration progressing well and trading in line with expectations
- New Mitcham, London store opened in April 2018
- Paddington Marble Arch, London store opened in June 2018 with Paddington Green store to close in July 2018
- Further new store openings scheduled in Poissy Paris in August 2018 (planning granted) and Birmingham Merry Hill in April 2019 (subject to planning)
- Two new stores secured subject to planning in Carshalton, London and Magenta in central Paris

Strong and Flexible Balance Sheet
- Group loan-to-value ratio ("LTV"[9]) at 32.6%, interest cover ratio ("ICR"[10]) at 8.6x

Frederic Vecchioli, Safestore's Chief Executive Officer, commented:

"Safestore has performed well in the first half of the year across all regions and continues to build on the strong earnings and dividend growth achieved over the last five years. Our recent acquisitions of Space Maker and Alligator have been integrated into the Group and are progressing well. The stores opened since Autumn 2016 are trading at or ahead of their business plans and we have a pipeline of a further four stores to open over the next eighteen months. The acquisitions and developments (opened prior to 30 April 2018) have complemented our best like-for-like occupancy performance over the last five years of +5.4%. Over the last five years, the like-for-like (excluding all stores acquired or opened in this period) occupancy compound annual growth rate for the Group has been 4.3%.

"As we enter our peak trading period, we continue to see encouraging levels of interest in self-storage in the UK and in Paris. We are well-placed to meet this demand with our 1.79m square feet of currently unlet, fully invested space, and our pipeline of four stores, plus Paddington Marble Arch (which opened after the period end), will add a further 262,000 sq ft.

"Our strong, efficient, low cost balance sheet, combined with the free cash generation of the business allows us to continue to target selected development and acquisition opportunities. With our leading market positions across the UK and in Paris, the Company is in a strong position and remains on-course to meet the Board's full year expectations."

Notes

1 – Where reported amounts are presented either to the nearest £0.1m or to the nearest 10,000 sq ft, the effect of rounding may impact the reported percentage change.

2 – CER is Constant Exchange Rates (Euro denominated results for the current period have been retranslated at the exchange rate effective for the comparative period, in order to present the reported results on a more comparable basis).

3 – Underlying EBITDA is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties, contingent rent and depreciation. Underlying profit before tax is defined as underlying EBITDA less leasehold rent, depreciation charged on property, plant and equipment and net finance charges relating to bank loans and cash.

4 – Occupancy excludes offices but includes bulk tenancy. As at 30 April 2018, closing occupancy includes 27,250 sq ft of bulk tenancy (30 April 2017: 36,750 sq ft).

5 – MLA is Maximum Lettable Area. Group MLA at 30 April 2018 is 6.29m sq ft (30 April 2017: 5.64m sq ft).

6 – Adjusted Diluted EPRA EPS is defined as profit or loss for the period after tax but excluding corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts, IFRS 2 share-based payment charges, exceptional tax items and deferred tax charges. This adjusted earnings is divided by the diluted number of shares (excluding shares held by the Safestore Employee Benefit Trust).

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

8 – Like-for-like adjustments have been made to remove the 2017 opening of Combs-la-Ville, the 2018 opening of Mitcham and closures of Leeds Central and Paddington in 2018 and Deptford in 2017. In addition, the impact of the acquisition of Alligator on 1 November 2017 has been adjusted.

9 – LTV ratio is Loan-to-Value ratio, which is defined as gross debt (excluding finance leases, but adjusted for the fair value of the US dollar cross currency swap) as a proportion of the valuation of investment properties and investment properties under construction (excluding finance leases).

10 – ICR is interest cover ratio. It is calculated in accordance with the requirements of our borrowings covenants, which is the ratio of underlying EBITDA after leasehold rent to underlying finance charges (excluding the amortisation of debt issue costs) on a rolling twelve month basis.

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

Summary

Safestore has once again delivered a good financial performance in the first half of the year through a combination of solid organic growth and the earnings accretive acquisition of the twelve store Alligator portfolio on 1 November 2017. Reported Group revenue increased 9.7% at CER[2] and like-for-like[8] revenue increased by 4.6%. The Group's like-for-like closing occupancy increased by 3.5 percentage points ("ppts") to 73.4% with the average storage rate down 0.8% at CER[2]. Like-for-like Store EBITDA margin, on a CER basis, grew by 0.9ppts to 65.4% (2017: 64.5%).

Our operational performance across the UK has been strong in the period resulting in a 4.3% increase in like-for-like revenue. During the second quarter we have seen increasing momentum in enquiry generation and, combined with a good conversion performance, this has contributed to like-for-like closing occupancy growing by 3.5ppts to 71.7% in the period. All regions of the UK have delivered a strong occupancy performance. Overall, the UK like-for-like average rate declined by 0.7% in the period but improved in all regions in the second quarter, ending broadly flat year on year in April.

The Alligator portfolio is now fully integrated into the Group from an operational and marketing perspective and is performing in line with our expectations. The re-branding of the stores will be completed during the second half of the year. The 4.2% CER reduction in Group average rate for the period is principally driven by the first time inclusion of the Alligator portfolio and we see opportunities to improve this position in future.

In Paris our trading performance has also been strong with like-for-like revenue growing by 5.6%. This was driven by our average like-for-like occupancy performance which increased by 7.4% compared to the prior year. Like-for-like closing occupancy ended the period up 3.1ppts at 80.4% (2017: 77.3%). We are now in the twentieth consecutive year of revenue growth in Paris. Our new store at Combs-la-Ville, which opened in the second half of 2017, is trading in line with expectations. Our like-for-like average rate in the period was down 1.5% although, excluding our lower price suburban Emerainville store (opened in September 2016), average rate was down 0.2% for the period and, like the UK, ended the period slightly up on the previous year.

Group underlying EBITDA of £39.1m increased 11.2% at CER[2] on the prior year and 12.0% on a reported basis, reflecting the impact of the 3% strengthening of the average Euro rate compared to the prior period on the profit earned on our Paris business. In May 2017, we completed a refinancing of our bank debt and US Private Placement Notes. The reduced finance costs resulting from the refinancing, combined with the strong EBITDA performance, are reflected in a 21.2% increase in adjusted diluted EPRA EPS[6] in the period to 12.6p (2017: 10.4p).

Our property portfolio valuation, including investment properties under construction, has increased by 12.1% since 31 October 2017. The UK portfolio is up £115.8m to £860.2m, the increase comprising £55.9m on the acquisition of Alligator, £52.8m revaluation gain and £7.1m of additions. The French portfolio was valued at €306.0m at 30 April 2018, an increase of €7.4m, comprising €5.7m of additions and a €1.7m revaluation gain. The impact of currency movements during the period was immaterial.

Reflecting the Group's good trading performance, the Board is pleased to recommend a 21.4% increase in the interim dividend to 5.1p per share (2017: 4.2p).

Outlook

Safestore has a strong market presence in both the UK and Paris. Trading in the stores that we opened in 2016 and 2017 is strong and our Alligator acquisition is performing in line with expectations. Our recent opening in London Mitcham has started well and, following the opening of Paddington Marble Arch since the period end, we are looking forward to further openings, spread over the next 18 months, in Poissy Paris, Magenta Paris, London Carshalton and Birmingham Merry Hill. With 1.79m sq ft of fully invested unlet space available at 30 April 2018 (the equivalent of c.40 stores) and a pipeline of 0.26m sq ft, we have significant, low-cost growth potential ahead.

Our priority remains the ongoing improvement of the operational performance of the business and leveraging our leading market positions to full effect. We will continue our strategy of managing revenue growth by a combination of dynamic tactical store level rate and occupancy decisions made by our central pricing team. Our strong and flexible balance sheet combined with healthy cash generation and proven management expertise, provides us with the opportunity to take advantage of further selective development and acquisition opportunities in our key markets, subject to our rigorous investment criteria.

With our resilient business model, scale, geographical diversity, strong balance sheet and marketing expertise we believe that we are well placed for future growth in what remains a young and expanding industry. As we

progress through our peak Q3 trading period, we are in good shape and are on course to meet the Board's full year expectations.

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A presentation for analysts will be held at 10.30am today at:

Instinctif Partners, 65 Gresham Street, London EC2V 7NQ

For dial-in details of the presentation please contact:

Guy Scarborough (guy.scarborough@instinctif.com or telephone on 020 7457 2020).

Notes to Editors

- Safestore is the UK's largest self-storage group with 146 stores at 30 April 2018, comprising 120 wholly owned stores in the UK (including 68 in London and the South East with the remainder in key metropolitan areas such as Manchester, Birmingham, Glasgow, Edinburgh, Liverpool and Bristol) and 26 wholly owned stores in the Paris region.

- Safestore operates more self-storage sites inside the M25 and in central Paris than any competitor providing more proximity to customers in the wealthiest and densest UK and Parisian markets. These two markets constitute around two thirds of the Group's revenue and Store EBITDA.

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

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

- The Group provides storage to around 60,000 personal and business customers.

- Safestore has a maximum lettable area ("MLA") of 6.29 million sq ft. At 30 April 2018, 4.50 million sq ft was occupied. Including the stores opened and closed after 30 April 2018 and the new store pipeline, the MLA will be c.6.53m sq ft.

- Safestore employs around 650 people in the UK and France.

Our Strategy

The Group's strategy remains unchanged. We believe that the Group has a well located asset base, management expertise, infrastructure, scale and balance sheet strength to exploit the healthy industry dynamics of the self-storage sector. As we look forward, we consider that the Group has the potential to significantly further increase its earnings per share by:

- Optimising the trading performance of its existing portfolio;
- Maintaining a strong and flexible capital structure; and
- Taking advantage of selective portfolio management and expansion opportunities.

Optimisation of Existing Portfolio

Since 2016, Safestore has strengthened its market leading portfolio in the UK and Paris with the Space Maker and Alligator acquisitions, adding 24 stores, as well as the organic development of eight new stores (including Paddington Marble Arch, opened since the period end in June 2018). We have a high quality, fully invested estate in both the UK and Paris. Of the Group's 146 stores, 94 are in London and the South East of England or in Paris with 52 in the other major UK cities. The Group now operates 48 stores within the M25 which represents a higher number of stores than any of our competitors.

In the last year, with the aforementioned new store openings and Alligator acquisition, our MLA has increased by 11.5% to 6.29m sq ft at 30 April 2018. At the current occupancy level of 71.5% we have 1.79m sq ft of unoccupied space, of which 1.52m sq ft is in our UK stores and 0.27m sq ft in Paris. This is the equivalent of c.40 stores located across the estate. The available space is fully invested and the related operating costs are essentially fixed and already included in the Group cost base. Our continued focus will be on ensuring that we drive occupancy to utilise this capacity at carefully managed rates.

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

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

In-house digital marketing expertise

Awareness of self-storage is increasing each year but still remains relatively low with 54% (2017: 58%) of the UK population either knowing very little or nothing about self-storage (source: 2018 SSA Annual Report). In the UK around 75% of our new customers are using self-storage for the first time. It is largely a brand blind purchase with only 12% of respondents in the Self Storage Association Annual Survey stating that a brand would influence their purchase decision. Only 3% of respondents in the same survey associated any particular features or benefits with a certain brand. Typically, customers requiring storage start their journey by conducting online research using generic keywords in their locality (e.g. "storage in Borehamwood", "self-storage near me").

We believe there is a clear benefit of scale in the generation of customer enquiries. The Group has continued to invest in its consumer website as well as in-house expertise which has resulted in the development of a leading digital marketing platform that has generated over 39.7% enquiry growth over the last five years.

Online enquiries now represent over 83% of our enquiries in the UK (H1 2017: 82%) and 74% in France (H1 2017: 73%). 60% of our online enquiries in the UK originate from a mobile device, compared to 56% last year highlighting the need for continual investment in our responsive web platform.

Our digital marketing team has recently been enhanced with the recruitment of a Digital and Marketing Director. Our increasing in-house expertise and significant annual budget enable us to achieve the above results. We will continue to invest in activities that promote a strong search engine presence to grow enquiry volume whilst managing efficiency in terms of the overall cost per enquiry.

Feefo, the independent review system, which allows our customers to leave their feedback on the quality of our customer service, has been integrated into our website since 2013. Over this period, our customer satisfaction score has averaged 96% and we have achieved a Feefo Gold Service Merchant rating every year since its introduction.

Motivated and effective store teams benefiting from improved training and coaching

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

On 1 November 2017, we acquired the Alligator self-storage portfolio of twelve stores. Drawing on the experience gained from the integration of the Space Maker brand in 2016 we implemented enhancements to our regional leadership structure and successfully and efficiently integrated the stores into our geographical regional structure. Our dedicated on-line learning platform allows our new colleagues to take part in our industry leading training and development programmes. The Alligator internal and external rebrand to Safestore commences in June 2018.

November 2016 saw the launch of our internal Store Manager Development programme designed to provide the business with its future store managers. The first group of trainees graduated in November 2017 and the second intake of sales consultants is progressing through the 2018 programme.

As with our new Alligator colleagues, all new recruits to the business benefit from enhanced induction and training tools which have been developed in-house and enable us to quickly identify high potential individuals and increase their speed to competency. Our Store Manager Development programme demonstrates the effectiveness of our learning tools. In a spirit of constant improvement our content and delivery process is dynamically enhanced through our 360 degree feedback process utilising the learnings from not only the candidates but also our training store managers. This allows our people to be trained with the knowledge and skills to sell effectively in today’s market place.

All new recruits receive individual performance targets within four weeks of joining the business and are placed on the ‘pay-for-skills’ programme which allows accelerated basic pay increases dependent on success in demonstrating specific and defined skills. The key target of our programme, to ensure that close to 100% of our store managers are promoted internally, still remains and we are pleased with our progress to date.

The training and development of our store and customer facing colleagues is an essential part of our daily routines. In 2017 we delivered a further 22,500 hours of training through face-to-face sessions and via our internally developed online learning tool. This Learning Management System also provides the opportunity for team members to receive rigorously enforced health and safety, fire and compliance training, ensuring that our staff are up-to-date in relation to their technical knowledge and continue to operate a safe environment for both our colleagues and customers. These modules are continually updated to target the areas of most opportunity and maintain colleague engagement. These tools, systems and resources have allowed us to effectively communicate changes quickly and manage compliance robustly.

To further support our Cyber security and GDPR compliance we have introduced further enhanced online training modules. All colleagues are required to complete this training.

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

Customers continue to be at the heart of everything we do. Whether it be in store, online or in their communities. Our Gold standard Feefo customer service score, currently at 96%, reflects our ongoing commitment to their satisfaction.

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

Safestore has been an “Investors in People” (IIP) organisation since 2003 and our aim is to be an employer of choice in our sector and we passionately believe that our continued success is dependent on our highly motivated and well trained colleagues. In April 2018, Safestore was awarded the Gold accreditation under the IIP programme, a significant improvement from the Bronze accreditation awarded in 2015. This puts Safestore in the top 1% of the 14,000 IIP companies. IIP is the international standard for people management, defining what it takes to lead, support and manage people effectively to achieve sustainable results. Underpinning the

Standard is the Investors in People framework, reflecting the latest workplace trends, essential skills and effective structures required to outperform in any industry. Investors in People enables organisations to benchmark against the best in the business on an international scale. We are proud to have our colleagues recognised to such a high standard not only in our industry but across 14,000 organisations across 75 countries.

Central Revenue Management and Cost Control

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

Average rates are predominantly influenced by:

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

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

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

Strong and Flexible Capital Structure

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

In 2017, we completed the refinancing of the Group's US Private Placement Notes ("USPP") and an amendment and extension of its existing bank facilities to extend the average maturity and lower the cost of the Group's debt financing. The terms of the Amendment and Extension of the bank facilities allow for an option to extend the facilities by a further year.

We recently hedged a further £35m of our Sterling revolving credit facility drawings at a rate of 1.2915%. Currently, 87% of our debt facilities are either fixed rate or hedged.

At 30 April 2018, based on the current level of borrowings and interest swap rates, the Group's weighted average cost of debt is 2.24%. The weighted average maturity of the Group's drawn debt is 6.2 years at the current period end and the Group's LTV ratio under the new financing arrangements is 32.6% as at 30 April 2018.

This LTV and interest cover ratio of 8.6x for the rolling twelve month period ended 30 April 2018 provide us with significant headroom compared to our banking covenants. We have £103m of available bank facilities at 30 April 2018.

Taking into account the improvements we have made in the performance of the business and the reduction in underlying finance charges of c.£10m per annum over the last four years, the Group is now capable of generating free cash after dividends sufficient to fund the building of 2-3 new stores per annum depending on location and availability of land.

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

Portfolio Management

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

Our property teams in both the UK and Paris, which have been strengthened in the last two years, continue to seek investment opportunities in new sites to add to the store pipeline. However, investments will only be made if they comply with our disciplined and strict investment criteria.

During the course of 2016 and 2017, the Group opened six new stores in Chiswick and Wandsworth in London, Birmingham, Altrincham and Emerainville and Combs-la-Ville in Paris as well as completing the extension and refurbishment of our Acton and Longpont (Paris) stores. All of these stores are performing in line with or ahead of their business plans.

In April 2018, we opened a new c.54,000 sq ft store in Mitcham, in South West London. The site was acquired in December 2016 with the planning and building process taking just 16 months.

In July 2017, we obtained planning permission and exchanged contracts for a new 37,000 sq ft leasehold store located between Paddington and Marble Arch in central London. The lease is for a period of 20 years, with an option to extend for a further 10 years. The store has opened since the period end in June 2018 and we expect the former Paddington store to close in July 2018 with a significant proportion of its customers transferred to the new store.

In October 2017, we completed the acquisition of a 1.34 acre industrial site at Merry Hill, around ten miles west of the centre of Birmingham, in a very prominent location close to Merry Hill regional shopping centre. Subject to receiving planning consent we expect to open a purpose-built freehold 55,000 sq ft store in the first half of 2019.

In March 2018, we exchanged contracts to acquire a freehold site in Carshalton, in South London. Subject to planning permission, we expect to complete the purchase of the site in summer 2018. We then plan to build a c.40,000 sq ft store on this site which we would anticipate opening in the second half of the 2019 financial year.

In Paris, where regulatory barriers are likely to continue to restrict meaningful new development inside the city, we will continue our policy of segmenting our demand and encouraging the customers who wish to reduce their storage costs to utilise the second belt stores. We will also manage occupancy and rates upwards in the more central stores and ensure that pricing recognises the value customers place on the convenience of physical proximity. The strong selling organisation and store network established by Une Pièce en Plus in Paris uniquely enables it to implement this commercial policy to complement the strong second belt markets in which we operate.

In November 2017, we exchanged contracts on a site at Poissy, in the West of Paris, an area where we currently have no stores. We have since completed the acquisition of the site and expect to open a freehold 80,000 sq ft store in summer 2018.

Also in April 2018, we agreed a lease on a site at Magenta in central Paris. Subject to planning, we aim to open a 50,000 sq ft store here towards the end of the next financial year.

We believe there will be further opportunities to develop new stores in the outer suburbs of Paris and are actively reviewing the market for new opportunities.

In the UK we plan to redevelop a small number of our older stores. The expenditure for this programme will be included within our capital expenditure guidance. Currently, our Leeds store is closed as part of this programme and most of the store's customers have been relocated to other sites.

On 1 November 2017 the Group completed the acquisition of Stork Self Storage (Holdings) Limited ("SSSHL"), trading as Alligator Self Storage. The consideration paid was £55.9m, net of cash acquired with the business.

SSSHL was the eleventh largest self-storage portfolio in the UK with twelve stores and a maximum lettable area estimated at c.569,000 sq ft. SSSHL's stores, which are geographically complementary to the existing estate, are located in London (Camden), the South East of the UK (Fareham, Farnham, Luton and Winchester), Birmingham (three stores), Southampton, Bolton, Bristol and Nottingham. Ten of the SSSHL stores are freehold or long leasehold and two are leasehold stores with an average remaining lease length of 14.8 years.

The Alligator stores have now been fully integrated into the Safestore portfolio from an operational and back office perspective and the rebranding of the portfolio will be completed during the course of the current financial year. Trading of the Alligator portfolio is in line with our expectations.

Portfolio Summary

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

The population of the Paris urban area is 10.7 million inhabitants with a density of 9,300 inhabitants per square mile in the urban area but 54,000 per square mile in the City of Paris and first belt, where 69% of our French stores are located and which has one of the highest population densities in the western world. 85% of the Paris region population live in central parts of the city versus the rest of the urban area, which compares with 60% in the London region. There are currently c.245 storage centres within the M25 as compared to only c.90 in the Paris urban area.

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

Our combined operations in London and Paris, with 71 stores, contribute £40.3m of revenue and £27.6m of store EBITDA in the first half of the financial year and offer a unique exposure to the two most attractive European self-storage markets.

Owned Store Portfolio by Region	London & South East	Rest of UK	UK Total	Paris	Group Total
Number of Stores	68	52	120	26	146
Let Square Feet (m sq ft)	1.90	1.70	3.60	0.90	4.50
Maximum Lettable Area (m sq ft)	2.63	2.49	5.12	1.17	6.29
Average Let Square Feet per store (k sq ft)	28	33	30	35	31
Average Store Capacity (k sq ft)	39	48	43	45	43
Closing Occupancy %	72.4 %	68.0%	70.3%	77.0%	71.5%
Average Rate (£ per sq ft)	28.57	18.08	23.66	34.92	25.91
Revenue (£'m)	33.4	19.0	52.4	16.8	69.2
Average Revenue per Store (£'m)	0.49	0.37	0.44	0.65	0.47

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

We have a strong position in both the UK and Paris markets operating 120 stores in the UK, 68 of which are in London and the South East, and 26 stores in Paris.

In the UK, 64% of our revenue is generated by our stores in London and the South East. On average, our stores in London and the South East are smaller than in the rest of the UK but the rental rates achieved are materially higher enabling these stores to typically achieve similar or better margins than the larger stores. In London we operate 45 stores within the M25, more than any other competitor.

In France, we have a leading position in the heart of the affluent City of Paris market with eight stores branded as Une Pièce en Plus (“UPP”) (“A spare room”) with more than twice the number of stores of our two major competitors combined. 69% of the UPP stores are located in a cluster within a five-mile radius of the city centre, which facilitates strong operational and marketing synergies as well as options to differentiate and

channel customers to the right store subject to their preference for convenience or price affordability. The Parisian market has attractive socio-demographic characteristics for self-storage and we believe that UPP enjoys unique strategic strength in such an attractive market.

Together, as at 30 April 2018 London, the South-East and Paris represent 64% of our stores, 73% of our revenues, as well as 56% of our available capacity.

In addition, Safestore has the benefit of a leading national presence in the UK regions where the stores are predominantly located in the centre of key metropolitan areas such as Birmingham, Manchester, Liverpool, Bristol, Glasgow and Edinburgh.

Market

The self-storage market in the UK and France remains relatively immature compared to geographies such as the USA and Australia. The Self-Storage Association ("SSA") Annual Survey (May 2018) confirmed that self-storage capacity stands at 0.67 square feet per head of population in the UK and 0.16 square feet per capita in France. Whilst the Paris market density is greater than France, we estimate it to be significantly lower than the UK at around 0.36 square feet per inhabitant. This compares with 7.3 square feet per inhabitant in the USA and 2.0 square feet in Australia. In the UK, in order to reach the US density of supply would require the addition of around another 12,000 stores as compared to c.1,150 currently. In the Paris region, it would require around 1,800 new facilities versus c.90 currently opened.

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

The SSA 2018 Survey reported 70 stores as having been opened across the industry in 2017. However, our own analysis of these openings shows that many were container-based operators and only c.30 of the sites represent self-storage sites that are comparable with Safestore's own portfolio. Of those sites, only around half are in catchments where Safestore has a presence. The 30 comparable sites represent around 2.6% of the traditional self-storage industry in the UK.

The SSA 2018 Survey also reported that operators have become more conservative since 2017 in terms of new store openings and site acquisitions. For 2019, operators have revised their new store predictions down from 52 to 47 and their site acquisitions down from 46 to 31. Traditionally, operators have opened or acquired far fewer stores than originally estimated. For 2017, the survey group had predicted in the previous year that it would open 47 stores and only 26 were in fact opened by the operators in the survey group. For 2020, around 42 new developments are predicted. Based on these estimates, and adjusting for historical inaccuracy, we estimate that around 30 stores per annum will be developed over the coming years.

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

The supply in the UK market, according to the SSA survey, remains relatively fragmented. Safestore is the leader by number of stores with 120 wholly owned sites (including Alligator), followed by Big Yellow with 74 wholly owned stores, Access with 57 stores, Lok'n Store with 29 stores, Shurgard with 28 stores and Storage King with 26 stores. In aggregate, the top ten leading operators account for 28% of the UK store portfolio. The remaining c.1,100 self-storage outlets (including 345 container based operations) are independently owned in small chains or single units. In total there are 723 storage businesses operating in the UK.

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

Consumer awareness of self-storage is increasing but remains relatively low, providing an opportunity for future industry growth. The SSA survey indicated that 54% (58% in 2017) of consumers either knew nothing about the service offered by self-storage operators or had not heard of self-storage at all. The opportunity to grow awareness, combined with limited new industry supply makes for an attractive industry backdrop.

Self-storage is a brand-blind product. 61% of respondents were unable to name a self-storage business in their local area. The lack of relevance of brand in the process of purchasing a self-storage product emphasises the need for operators to have a strong online presence. This requirement for a strong online presence was also reiterated by the SSA survey where 67% of those surveyed (71% in 2017) confirmed that an internet

search would be their chosen means of finding a self-storage unit to contact, whilst knowledge of a physical location of a store as reason for enquiry was c.23% of respondents (c.23% in 2017).

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

Safestore's domestic customers' need for storage is often driven by life events such as births, marriages, bereavements, divorces or by the housing market including house moves and developments and moves between rental properties. Safestore has estimated that UK owner-occupied housing transactions drive around 10-15% of the Group's new lets. This is consistent with the SSA 2018 Survey which reported that only 22.5% of the industry's customer base use self-storage as temporary storage whilst moving house which includes both the rental and the owner occupier market.

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

Business and Personal Customers	UK	Paris
Personal Customers		
Numbers (% of total)	73%	82%
Square feet occupied (% of total)	52%	66%
Average Length of Stay (months)	21.1	27.6
Business Customers		
Numbers (% of total)	27%	18%
Square feet occupied (% of total)	48%	34%
Average Length of Stay (months)	30.7	32.5

Safestore's customer base is resilient and diverse and consists of around 60,000 domestic, business and National Accounts customers across London, Paris and the UK regions.

Business Model

Safestore's business model remains unchanged.

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

With more stores inside London's M25 than any other operator and a strong position in central Paris, Safestore has leading positions in the two most important and demographically favourable markets in Europe. In addition, our regional presence in the UK is unsurpassed and contributes to the success of our industry leading National Accounts business. In the UK, Safestore is the leading operator by number of wholly owned stores.

The Group's capital-efficient portfolio of 146 wholly owned stores in the UK and Paris consists of a mix of freehold and leasehold stores. In order to grow the business and secure the best locations for our facilities we have maintained a flexible approach to leasehold and freehold developments.

Currently, around 30% of our stores in the UK are leaseholds with an average remaining lease length at 30 April 2018 of 13.0 years (FY2017: 13.3 years). Although our property valuation for leaseholds is conservatively based on future cash flows until the next contractual lease renewal date, Safestore has a demonstrable track

record of successfully re-gearing leases several years before renewal whilst at the same time achieving concessions from landlords.

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

In Paris, where 42% of stores are leaseholds, our leases typically benefit from the well-enshrined Commercial Lease statute that provides that tenants own the commercial property of the premises and that they are entitled to renew their lease at a rent that is indexed to the National Construction Index published by the state. Taking into account this context, the valuer values the French leaseholds based on an indefinite property tenure, similar to freeholds but at a significantly higher exit cap rate.

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

Safestore excels in the generation of customer enquiries which are received through a variety of channels including the internet, telephone and 'walk-ins'. In the early days of the industry, local directories and store visibility were key drivers of enquiries.

The internet is now by far the dominant channel, accounting for 83% (2017: 82%) of our enquiries in the UK and 74% (2017: 73%) in France. Telephone enquiries comprise 11% of the total (18% in France) and 'walk-ins' amount to only 6% (8% in France). This dynamic is a clear benefit to the leading national operators that possess the budget and the management skills necessary to generate a commanding presence in the major search engines. Safestore has developed a leading digital marketing platform that has generated 39.7% enquiry growth over the last five years (excluding Alligator). Towards the end of 2015 the Group launched a new dynamic and mobile-friendly UK website, which has achieved its aim of providing the customer with an even clearer, more efficient experience. A similar website was launched in our Paris business at the end of 2016.

Although mostly generated online, our enquiries are predominantly handled directly by the stores and, in the UK, we have a Customer Support Centre ("CSC") which now handles 13% of all enquiries, in particular when the store staff are busy handling calls or outside of normal store opening hours.

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

Customer service standards are high and customer satisfaction feedback is consistently very positive. Over the last twelve months we have achieved over 96% customer satisfaction, based on 'excellent' or 'good' ratings as collected by Feefo via our customer website.

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

We remain focused on business as well as domestic customers. Our national network means that we are uniquely placed to further grow the business customer market and in particular National Accounts. Business customers in the UK now constitute 48% of our total space let and have an average length of stay of 31 months. Within our business customer category, our National Accounts business represents around 415k sq ft of occupied space (around 11% of the UK's occupancy). Approximately two-thirds of the space occupied by National Accounts customers is outside London, demonstrating the importance and quality of our well invested national estate.

The business now has in excess of 60,000 business and domestic customers with an average length of stay of 31 months and 23 months respectively.

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

Since the completion of the rebalancing of our capital structure in early 2014, the subsequent amendment and extension of our banking facilities in Summer 2015 and the refinancing of all facilities in May 2017, Safestore has secure financing, a strong balance sheet and significant covenant headroom. This provides the Group with financial flexibility and the ability to grow organically and via carefully selected new development or acquisition opportunities.

At 30 April 2018 we had 1.52m sq ft of unoccupied space in the UK and 0.27m sq ft in France, equivalent to c.40 full new stores. Our main focus is on filling the spare capacity in our stores at optimally yield-managed rates. The operational leverage of our business model will ensure that the bulk of the incremental revenue converts to profit given the relatively fixed nature of our cost base.

Trading Performance

UK – a solid performance with improving momentum

UK Operating Performance- total	2018	2017	Change[1]
Revenue (£'m)	52.4	47.3	10.8%
EBITDA (£'m)[3]	28.4	25.0	13.6%
EBITDA (after leasehold costs) (£'m)	25.2	21.9	15.1%
Closing Occupancy (let sq ft- million)[4]	3.60	3.11	15.8%
Maximum Lettable Area (MLA)[5]	5.12	4.57	12.0%
Closing Occupancy (% of MLA)[5]	70.3%	68.1%	+2.2ppts
Average Storage Rate (£)	23.66	24.75	(4.4%)

UK Operating Performance- like-for-like[8]	2018	2017	Change[1]
Revenue (£'m)	48.0	46.1	4.3%
EBITDA (£'m)[3]	25.9	24.2	7.0%
Closing Occupancy (let sq ft- million)[4]	3.21	3.05	5.2%
Closing Occupancy (% of MLA)[5]	71.7%	68.2%	+3.5ppts
Average Occupancy (let sq ft- million)[4]	3.16	3.03	4.3%
Average Storage Rate (£)	24.40	24.58	(0.7%)

Revenue in the UK has grown by 10.8% in the period reflecting the acquisition of Alligator on 1 November 2017.

On a like-for-like basis, revenue grew by 4.3%. We saw strong like-for-like average occupancy growth of 4.3% in the period and like-for-like closing occupancy increased by 3.5ppts to 71.7% (2017: 68.2%). Given the usual cyclicality of the industry it is typical to see an outflow of occupancy in the first half of the financial year. However, the like-for-like occupancy outflow in the period was just 3,000 sq ft as compared to an outflow of 40,000 sq ft in the first half of 2017.

Our occupancy performance was partially offset by a small reduction in the like-for-like average rate of 0.7% for the period, although we have seen improving momentum in the average rate over the final quarter of 2017 and the first half of 2018, with year-on-year rate broadly flat at the end of the period.

Our total closing occupancy was up 2.2ppts at 70.3% (2017: 68.1%), driven by the five stores opened between 2016 and the period end, but was diluted by the fact that the occupancy of Alligator, which had not yet been acquired in the first half of 2017, is lower than the average of the Safestore portfolio. Similarly, the initial discounts on the recently opened stores and the lower Alligator rate have resulted in the total average storage rate reducing by 4.4% to £23.66 (2017: £24.75).

We remain focused on our cost base. During the period, our cost base increased by 0.9% or £0.2m on a like-for-like basis largely driven by the variable costs related to incremental revenue. Total costs increased by £1.7m reflecting the acquisition of Alligator at the beginning of the financial year.

As a result, EBITDA for the UK business was £28.4m (2017: £25.0m), an increase of £3.4m or 13.6%.

Paris – now in twentieth consecutive year of growth

Paris Operating Performance- total	2018	2017	Change[1]
Revenue (€'m)	19.0	17.9	6.1%
EBITDA (€'m)[3]	12.1	11.5	5.2%
EBITDA (after leasehold costs) (€'m)	9.6	9.3	3.2%
Closing Occupancy (let sq ft- million)[4]	0.90	0.83	8.4%
Maximum Lettable Area (MLA)[5]	1.17	1.07	9.3%
Closing Occupancy (% of MLA)[5]	77.0%	77.3%	(0.3ppts)
Average Storage Rate (€)	39.58	40.57	(2.4%)
Revenue (£'m)	16.8	15.3	9.8%

Paris Operating Performance- like-for-like[8]	2018	2017	Change[1]
Revenue (€'m)	18.9	17.9	5.6%
EBITDA (€'m)[3]	12.3	11.5	7.0%
Closing Occupancy (let sq ft- million)[4]	0.88	0.83	6.0%
Closing Occupancy (% of MLA)[5]	80.4%	77.3%	+3.1ppts
Average Occupancy (let sq ft- million)[4]	0.87	0.81	7.4%
Average Storage Rate (€)	39.98	40.57	(1.5%)

Our Paris business had a good first half of the year growing like-for-like revenue by 5.6%. Our like-for-like average occupancy for the period was 7.4% ahead of 2017 and the like-for-like closing occupancy ended the half-year up 3.1ppts at 80.4% (2017: 77.3%). The occupancy performance was partially offset by a 1.5% reduction in the like-for-like average rate in the period.

Excluding our lower price suburban Emerainville store, which opened in September 2016, from the like-for-like stores the average rate was down 0.2% throughout the period, ending marginally up in April on the prior year. In the comparative period to April 2017, the like-for-like stores (excluding Emerainville) had performed particularly strongly, growing rate by 2.7%.

Total revenue was up 6.1% in the period. We opened a new store at Combs-la-Ville in the second half of 2017 and its lower occupancy levels mean that our total occupancy was 77.0%, down 0.3ppts on the first half of 2017. Our recently opened stores at Emerainville and Combs-la-Ville are trading slightly ahead of our initial expectations.

The impact of Sterling being 3% weaker than in the comparative period resulted in Sterling equivalent revenue growing by 9.8% for the period.

We continue to pursue our proven strategy of growing the revenue of our market leading Parisian portfolio by achieving an appropriate balance of rate and occupancy growth and we are now in the twentieth year of uninterrupted revenue growth in local currency.

The cost base in Paris remained well controlled during the year and, as a result, like-for-like EBITDA grew to €12.3m (2017: €11.5m), an improvement of €0.8m or 7.0% on 2017.

Frederic Vecchioli
13 June 2018

Financial Review

Underlying Income Statement

The table below sets out the Group's underlying results of operations for the six months ended 30 April 2018 and the six months ended 30 April 2017.

	H1 2018 £'m	H1 2017 £'m	Mvmt %
Revenue	69.2	62.6	*10.5%*
Underlying costs	(30.1)	(27.7)	*8.7%*
Underlying EBITDA	**39.1**	**34.9**	***12.0%***
Leasehold rent	(5.4)	(5.0)	*8.0%*
Underlying EBITDA after leasehold rent	**33.7**	**29.9**	***12.7%***
Depreciation	(0.3)	(0.2)	*50.0%*
Finance charges	(4.0)	(5.3)	*(24.5%)*
Underlying profit before tax	**29.4**	**24.4**	***20.5%***
Current tax	(2.1)	(2.0)	*5.0%*
Adjusted EPRA earnings	**27.3**	**22.4**	***21.9%***
Share-based payments charge	(2.7)	(0.7)	*285.7%*
EPRA basic earnings	**24.6**	**21.7**	***13.4%***
Average shares in issue (m)	209.7	209.0	
Diluted shares (for ADE EPS) (m)	216.8	216.4	
Adjusted diluted EPRA EPS (pro forma) (p)	**12.6**	**10.4**	***21.2%***

Notes:
1. Adjusted Diluted EPRA EPS is defined in note 2 to the financial statements.
2. Adjusted EPRA earnings excludes share-based payment charges and, accordingly, the underlying EBITDA, underlying EBITDA after leasehold rent and underlying profit before tax measures have been restated to exclude share-based payment charges for consistency.

Management considers the above presentation of earnings to be representative of the underlying performance of the business.

Underlying EBITDA increased by 12.0% to £39.1m (H1 2017: £34.9m) reflecting a 10.5% increase in revenue offset by an 8.7% increase in the underlying cost base (see below). The leasehold rent charge has increased by 8.0% from £5.0m in H1 2017 to £5.4m, principally reflecting the addition of two new leases through the acquisition of the Alligator business and the non-repeat of favourable rent settlements in Paris in H1 2017.

Finance charges decreased by 24.5% from £5.3m in H1 2017 to £4.0m in H1 2018. This principally reflects the benefit of the refinancing of our borrowing arrangements undertaken in May 2017, as well as the restructuring of our hedging arrangements undertaken in August 2017.

Given the Group's REIT status in the UK, tax is normally only payable in France. The current tax charge for the period increased to £2.1m (H1 2017: £2.0m).

As explained in note 2 to the financial statements, management considers that the most representative earnings per share ("EPS") measure is Adjusted Diluted EPRA EPS which has increased by 21.2% to 12.6 pence (H1 2017: 10.4 pence).

Reconciliation of Underlying EBITDA

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

	H1 2018 £'m	H1 2017 £'m
Operating profit	87.3	64.6
Adjusted for		
- gain on investment properties	(51.8)	(30.8)
- depreciation	0.3	0.2
- contingent rent	0.6	0.2
- share-based payments	2.7	0.7
Underlying EBITDA	39.1	34.9

The main reconciling item between operating profit and underlying EBITDA is the gain on investment properties, which increased by £21.0m to £51.8m in H1 2018. The Group's approach to the valuation of its investment property portfolio at 30 April 2018 is discussed below.

Underlying Profit by geographical region

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

	H1 2018			H1 2017		
	UK	**Paris**	**Total (CER)**	**UK**	**Paris**	**Total (CER)**
	£'m	**€'m**	**£'m**	**£'m**	**€'m**	**£'m**
Revenue	52.4	19.0	68.7	47.3	17.9	62.6
Underlying cost of sales	(19.5)	(5.5)	(24.3)	(17.9)	(5.0)	(22.1)
Store EBITDA	32.9	13.5	44.4	29.4	12.9	40.5
Store EBITDA margin	*62.8%*	*71.1%*	*64.6%*	*62.2%*	*72.1%*	*64.7%*
Underlying administrative expenses	(4.5)	(1.4)	(5.6)	(4.4)	(1.4)	(5.6)
Underlying EBITDA	28.4	12.1	38.8	25.0	11.5	34.9
EBITDA margin	*54.2%*	*63.7%*	*56.5%*	*52.9%*	*64.2%*	*55.8%*
Leasehold rent	(3.2)	(2.5)	(5.3)	(3.1)	(2.2)	(5.0)
Underlying EBITDA after leasehold rent	25.2	9.6	33.5	21.9	9.3	29.9
EBITDA after leasehold rent margin	*48.1%*	*50.5%*	*48.8%*	*46.3%*	*52.0%*	*47.8%*
	UK	**Paris**	**Total**	**UK**	**Paris**	**Total**
	£'m	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Underlying EBITDA after leasehold rent (CER)	25.2	8.3	33.5	21.9	8.0	29.9
Adjustment to actual exchange rate	-	0.2	0.2	-	-	-
Reported underlying EBITDA after leasehold rent	25.2	8.5	33.7	21.9	8.0	29.9

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

Underlying EBITDA in the UK increased by £3.4m, or 13.6%, to £28.4m (H1 2017: £25.0m), reflecting a 10.8% increase in revenue offset partially by 7.6% increase in the underlying cost base. The recently acquired Alligator stores contributed revenue of £3.8m and underlying EBITDA of £2.2m. Underlying UK EBITDA after leasehold rent increased by 15.1% to £25.2m (H1 2017: £21.9m) with the margin increasing to 48.1% from 46.3% in H1 2017, principally as a result of revenue improvements being delivered whilst effectively managing costs.

In Paris, underlying EBITDA increased by €0.6m, or 5.2%, to €12.1m (H1 2017: €11.5m), reflecting a €1.1m increase in revenue, arising from an 8.7% increase in average occupancy partly offset by a 2.4% decrease in the average storage rate. The EBITDA margin in Paris fell from 64.2% in H1 2017 to 63.7% in H1 2018, reflecting the dilutive effect of newly opened stores. However, on the like-for-like basis the EBITDA margin increased to 65.1% (H1 2017: 64.2%). Underlying EBITDA after leasehold rent in Paris increased by 3.2% to €9.6m (H1 2017: €9.3m).

The combined results of the UK and Paris delivered a 12.0% increase in underlying EBITDA after leasehold rent at constant exchange rates at Group level. Adjusting for a favourable exchange impact of £0.2m in the current year, Group reported underlying EBITDA after leasehold rent has increased by 12.7% or £3.8m to £33.7m (H1 2017: £29.9m).

Revenue

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

The split of the Group's revenues by geographical segment is set out below for H1 2018 and H1 2017.

		H1 2018	% of total	H1 2017	% of total	% change
UK	£'m	52.4	76%	47.3	76%	10.8%
Paris						
Local currency	€'m	19.0		17.9		6.1%
Average exchange rate	€:£	1.133		1.168		3.0%
Paris in Sterling	£'m	16.8	24%	15.3	24%	9.8%
Total revenue		69.2	100%	62.6	100%	10.5%

The Group's reported revenue increased by 10.5% or £6.6m during the period. The Group's occupied space was 560,000 sq ft higher at 30 April 2018 (4.50 million sq ft) than at 30 April 2017 (3.94 million sq ft) with Alligator contributing 373,000 of the increase. Average occupancy during the period was 13.8% higher at 4.44 million sq ft (H1 2017: 3.90 million sq ft), and the reported average rental rate for the Group for the period was 3.5% lower at £25.91 than in H1 2017 (£26.85), driven by the dilutive impact of the Alligator acquisition and new store openings.

On a like-for-like basis, adjusting for the impact of new and closed stores and the acquisition of Alligator, the Group's revenue has increased by 5.4% since the comparative period. Adjusting for a favourable exchange impact in the current year, revenue increased by 9.7% on a constant currency basis.

In the UK reported revenue increased by £5.1m or 10.8%, occupancy increased by 15.8% to 3.60 million sq ft at 30 April 2018 (H1 2017: 3.11 million sq ft) and the average rental rate decreased by 4.4% to 23.66 (H1 2017: £24.75). The average space occupied during the period was up 15.2% compared with H1 2017 at 3.56 million sq ft (H1 2017: 3.09 million sq ft).

On a like-for-like basis, adjusting for the acquisition of Alligator and new and closed stores, UK revenue increased by £1.9m or 4.3% arising from a 4.3% increase in average occupancy and a 0.7% decrease in the average store rate.

In Paris, revenue increased by €1.1m or 6.1%. The average Euro exchange rate for H1 2018 was €1.133:£1 compared with €1.168:£1 in H1 2017 resulting in a £0.5m benefit at the revenue level when comparing to a constant currency basis. Further adjusting for the impact of the Combs-la-Ville store opening in June 2017, like-for-like revenue in constant currency increased by £0.9m or 5.9% to £16.2m (H1 2017: £15.3m).

Paris closing occupancy at 30 April 2018 has increased by 8.4% compared to 30 April 2017 to 0.90 million sq ft and average occupancy for the period of 0.88 million sq ft is an 8.6% increase compared to H1 2017. The average rental rate in Paris was €39.58 for the period, a decrease of 2.4% on H1 2017 (€40.57).

Analysis of Cost Base

Cost of sales

The table below details the key movements in cost of sales between H1 2017 and H1 2018.

Cost of sales	H1 2018 £'m	H1 2017 £'m
Reported cost of sales	(25.3)	(22.5)
Adjusted for:		
Depreciation	0.3	0.2
Contingent rent	0.6	0.2
Underlying cost of sales	(24.4)	(22.1)

Underlying cost of sales for H1 2017	(22.1)
Closed and new store cost of sales	0.3
Underlying cost of sales for H1 2017 (Like-for-like)	(21.8)
Enquiry generation spend	(0.7)
Store maintenance and facilities savings	0.3
Underlying cost of sales for H1 2018 (Like-for-like; CER)	(22.2)
Alligator, closed and new store cost of sales	(2.1)
Underlying cost of sales for H1 2018 (CER)	(24.3)
Foreign exchange	(0.1)
Underlying cost of sales for H1 2018	(24.4)

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

Adjusting for the impact of new and closed stores and the acquisition of Alligator, underlying cost of sales increased by 1.8% or £0.4m, to £22.2m (H1 2017: £21.8m) on a constant currency basis, principally due to a £0.7m increase in the marketing spend to generate customer enquiries, offset by reduced spending on store maintenance and facilities.

The cost of sales attributable to new and acquired stores, including Alligator, is £2.1m. Reflecting the impact of exchange rate movements, reported underlying cost of sales increased by £2.3m or 10.4% to £24.4m in H1 2018.

__Administrative Expenses__

The table below reconciles reported administrative expenses to underlying administrative expenses and details the key movements in underlying administrative expenses between H1 2017 and H1 2018.

Administrative expenses	**H1 2018 £'m**	**H1 2017 £'m**
Reported administrative expenses	(8.4)	(6.3)
Adjusted for:		
Share-based payments	2.7	0.7
Underlying administrative expenses	(5.7)	(5.6)

Underlying administrative expenses for H1 2017	(5.6)
Employee remuneration	(0.2)
Professional fees and administration costs	0.2
Underlying administrative expenses for H1 2018 (Like-for-like; CER)	(5.6)
Alligator, closed and new store administrative expenses	-
Underlying administrative expenses for H1 2018 (CER)	(5.6)
Foreign exchange	(0.1)
Underlying administrative expenses for H1 2018	(5.7)

In order to arrive at underlying administrative expenses, adjustments are made to remove the impact of exceptional items, corporate transaction costs and changes in the fair value of derivatives.

Underlying administrative expenses increased by 1.8% or £0.1m to £5.7m (H1 2017: £5.6m). The increase arose primarily due to a £0.1m adverse currency impact, with increased employee remuneration (£0.2m) as a result of increased headcount and lower vacancy rates being offset by savings in like-for-like professional services and administrative costs totalling £0.2m.

Investment Properties

A full external valuation of the store portfolio is undertaken by the Group on an annual, rather than a bi-annual, basis. At 30 April 2018, a sample of the Group's largest properties, representing approximately 41% of the value of the Group's investment property portfolio at 31 October 2017, has been valued by the Group's external valuers, Cushman & Wakefield LLP ("C&W"). In addition, at the same date, the Directors have prepared estimates of fair values for the remaining 59% of the Group's investment property portfolio and the Alligator portfolio acquired on 1 November 2017, updating 31 October 2017 valuations to incorporate latest assumptions for estimated absorption, revenue growth and capitalisation rates to reflect current market conditions and trading.

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

	H1 2018 £'m	H1 2017 £'m
Revaluation of investment properties	54.2	33.4
Revaluation of investment properties under construction	0.1	-
Depreciation on leasehold properties	(2.5)	(2.6)
Gain on investment properties	51.8	30.8

The movement on investment properties reflects the increased value of the Group's store portfolio as a result of the continuing trading performance improvement. The UK business contributed £52.8m of the £54.3m net revaluation gain, with £1.5m arising in Paris. The valuation gain has arisen due to the impact of improving trading performance on the valuation assumptions, in particular occupancy, as well as improvements to market metrics, including capitalisation rates.

Operating profit

Reported operating profit increased by £22.7m from £64.6m in H1 2017 to £87.3m in H1 2018, primarily reflecting the increase in the gain on investment properties and a £4.2m improvement in underlying EBITDA.

Net finance costs

Net finance costs includes interest payable, interest on obligations under finance leases, fair value movements on derivatives, exchange gains or losses, unwinding of discounts and exceptional refinancing costs. Net finance costs decreased by £4.2m to £5.4m in H1 2018 (H1 2017: £9.6m).

	H1 2018 £'m	H1 2017 £'m
Net bank interest payable	(4.0)	(5.3)
Interest on obligations under finance leases	(2.3)	(2.2)
Fair value movement on derivatives	0.8	(7.6)
Net exchange gains	-	5.4
Unwinding of discount on Capital Goods Scheme receivable	0.1	0.1
Net finance costs	(5.4)	(9.6)

Underlying finance charge

The underlying finance charge (net bank interest payable) decreased to £4.0m, from £5.3m in H1 2017. The decrease reflects interest savings arising from the refinancing of our borrowing arrangements undertaken in May 2017, as well as the restructuring of our hedging arrangements in August 2017. Net bank interest payable also includes the amortisation of debt issue costs, which decreased to £0.1m (H1 2017: £0.2m).

Based on the drawn debt position as at 30 April 2018, the effective interest rate is analysed as follows:

	Facility £/€'m	Drawn £'m	Hedged £'m	Hedged %	Bank Margin	Hedged Rate	Floating Rate	Total Rate
UK Revolver	£250.0	£171.0	£135.0	79%	1.25%	0.94%	0.71%	2.14%
UK Revolver- non-utilisation	£79.0	-	-	-	0.50%	-	-	0.50%
Euro Revolver	€70.0	£37.8	£26.4	70%	1.25%	0.16%	(0.33%)	1.27%
Euro Revolver- non-utilisation	€27.0	-	-	-	0.50%	-	-	0.50%
US Private Placement 2024	€50.9	£44.7	£44.7	100%	1.59%	-	-	1.59%
US Private Placement 2027	€74.1	£65.1	£65.1	100%	2.00%	-	-	2.00%
US Private Placement 2029	£50.5	£50.5	£50.5	100%	2.92%	-	-	2.92%
Unamortised finance costs	-	(£0.5)	-	-	-	-	-	-
Total	£471.8	£368.6	£321.7	87%				2.24%

As at 30 April 2018, £171m of the £250m UK revolver and €43m (£37.8m) of the €70m Euro revolver were drawn. The drawn amounts attract a bank margin of 1.25%, and the Group pays a non-utilisation fee of 0.50% on the undrawn balances of £79m and €27m.

The Group has interest rate hedge agreements in place to June 2022, swapping LIBOR on £135m at a weighted average effective rate of 0.94% and EURIBOR on €30m at an effective rate of 0.16%.

The 2024 and 2027 US Private Placement Notes are denominated in Euros and attract fixed interest rates of 1.59% (on €50.9m) and 2.00% (on €74.1m) respectively. The Euro denominated borrowings provide a natural hedge against the Group's investment in the Paris business.

The £50.5m 2029 US Private Placement Notes are denominated in Sterling and attract a fixed interest rate of 2.92%.

87% of the Group's drawn debt is effectively at fixed rates of interest, as a result of the hedging arrangements and fixed interest loan notes. Overall, the Group has an effective interest rate on its borrowings of 2.24% at 30 April 2018, compared to 2.14% at the previous year end, as a result of a combination of increasing UK interest rates on the unhedged portion of the UK revolver and the rate impact of the Group's additional £35m hedging arrangements.

Non-underlying finance charge

Interest on finance leases was £2.3m (H1 2017: £2.2m) and reflects part of the leasehold rental payment. The balance of the leasehold payment is charged through the gain or loss on investment properties line and contingent rent in the income statement. Overall, the leasehold rent charge increased from £5.0m in H1 2017 to £5.4m in H1 2018, principally reflecting the addition of two new leases through the acquisition of the Alligator business and the non-repeat of favourable rent settlements in Paris in H1 2017.

Net finance costs includes no exchange gain or loss (H1 2017: £5.4m of net exchange gains). The gain in the prior period arose primarily on retranslation of the Group's US dollar denominated borrowings.

A net gain of £0.8m was recognised on fair valuation of derivatives (H1 2017: net loss of £7.6m). The loss in the prior period principally comprised a £7.9m loss in respect of cross currency swaps taken out by the Group to hedge against movements in the US dollar denominated borrowings.

Since our refinancing in May 2017, the Group is no longer exposed to exchange movements on US dollar denominated borrowings, and the US dollar cross currency swaps were broken as part of the refinancing. The Group undertakes net investment hedge accounting for its new Euro denominated loan notes, so the income statement is not exposed to fluctuations in the Euro exchange rate.

Tax

The tax credit for the period is analysed below:

Tax credit	**H1 2018 £'m**	**H1 2017 £'m**
Underlying current tax	(2.1)	(2.0)
Current tax charge	(2.1)	(2.0)
Tax on investment properties movement	(0.8)	(2.9)
Tax on revaluation of interest rate swaps	-	(0.1)
Impact of tax rate change in France	5.6	8.7
Other	(0.1)	0.1
Deferred tax credit	4.7	5.8
Net tax credit	2.6	3.8

Income tax in the period was a net credit £2.6m (H1 2017: £3.8m net credit).

In the UK the Group is a REIT, so the current tax charge relates to the Paris business. The current tax charge for the period amounted to £2.1m (H1 2017: £2.0m).

In France, the 2017 Finance Bill, which was adopted in December 2016, introduced a reduction in the income tax rate from 33.33% to 28.0%, applicable progressively from 2017 to 2020, and the 2018 Finance Bill, adopted in December 2017, introduced further progressive reductions in the tax rate to 25.0% by 2022. As a result, the net deferred tax charge reflects an exceptional deferred tax credit of £5.6m (H1 2017: £8.7m) relating to these changes.

Profit after tax

The profit after tax for the period was £84.5m, compared with £58.8m in H1 2017, an increase of £25.7m which arose principally due to the higher gain on investment properties (£21.0m) and the lower net finance expense (£4.2m), both of which are explained above.

Basic EPS was 40.3 pence (H1 2017: 28.1 pence) and diluted EPS was 40.2 pence (H1 2017: 28.0 pence). As explained in note 2 to the financial statements, management considers adjusted diluted EPRA EPS to be more representative of the underlying EPS performance of the business, and this is considered above.

Dividends

The Board has announced an interim dividend of 5.1 pence per share, an increase of 21.4% on the interim dividend paid last year of 4.2 pence. This will amount to a dividend payment of £10.7m (H1 2017: £8.8m). The dividend will be paid on 17 August 2018 to shareholders who are on the Company's register at the close of business on 13 July 2018. The ex-dividend date will be 12 July 2018. 50% (H1 2017: 50%) of the dividend will be paid as a property income dividend ("PID").

Property Valuation

As discussed above, a sample of the Group's largest properties, representing approximately 41% of the value of the Group's investment property, has been valued by the Group's external valuers and the Directors have prepared estimates of fair values for the remaining 59% of the Group's investment property portfolio.

	UK £'m	Paris £'m	Total £'m	Paris €'m
Value as at 1 November 2017	736.6	262.6	999.2	298.6
Currency translation movement	-	(0.1)	(0.1)	-
Additions	5.0	1.5	6.5	1.7
On acquisition of subsidiary	55.9		55.9	-
Disposals	-	-	-	-
Reclassifications	5.1	-	5.1	-
Revaluation	52.7	1.5	54.2	1.7
Value at 30 April 2018	855.3	265.5	1,120.8	302.0

The table above summarises the movement in the valuations.

The exchange rate at 30 April 2018 was €1.1373:£1 compared to €1.1371:£1 at 31 October 2017. This movement in the foreign exchange rate has resulted in a £0.1m adverse currency translation movement in the period. This impacts net asset value ("NAV") but has no impact on the loan to value ("LTV") covenant as the assets in Paris are tested in Euro.

The Group's property portfolio valuation has increased by £121.6m from the valuation of £999.2m at 31 October 2017. This reflects the gain on valuation of £54.2m, which is explained above, plus additions of £11.6m (including the reclassification of Mitcham from investment properties under construction) as well as the newly acquired Alligator portfolio, fair valued on acquisition at £55.9m.

The value of the Company's pipeline of expansion stores of £8.4m as at 30 April 2018 includes the development sites at Birmingham Merry Hill, Paddington Marble Arch in London and Poissy in Paris.

Adjusted EPRA NAV per share is 357 pence, an increase of 8.5% since 31 October 2017, reflecting the revaluation gain and additions described above.

Gearing and Capital Structure

As at 30 April 2018, the Group's borrowings comprised bank borrowing facilities, made up of a UK term loan and revolving facilities in the UK and France, as well as a US Private Placement.

Net debt (including finance leases and cash) stood at £422.7m at 30 April 2018, an increase of £68.5m during the period from £354.2m at 31 October 2017 which is principally due to the £55.9m net consideration paid to acquire Alligator Self Storage on 1 November 2017. Total capital (net debt plus equity) increased from £991.9m at 31 October 2017 to £1,126.4m at 30 April 2018. The net impact is that the gearing ratio has increased from 36% to 38% in the period.

Management also measures gearing with reference to its loan to value ("LTV") ratio defined as gross debt (excluding finance leases, but adjusted for the fair value of the US dollar cross currency swaps) as a proportion of the valuation of investment properties and investment properties under construction (excluding finance leases). At 30 April 2018 the Group LTV ratio was 33% compared with 36% at 31 October 2017. The Board considers the current level of gearing is appropriate for the business to enable the Group to increase returns on equity, maintain financial flexibility and to achieve our medium-term strategic objectives.

As at 30 April 2018, £171m of the £250m UK revolver and €43m (£37.8m) of the €70m Euro revolver were drawn. Including the US Private Placement debt of €125m (£109.8m) and £50.5m, the Group's borrowings totalled £369.1m (before adjustment for unamortised finance costs).

As at 30 April 2018, the weighted average remaining term for the Group's committed borrowing facilities is 5.8 years. We are currently discussing the exercise of the option to extend our banking facilities by a further year to June 2023, which would increase the weighted average remaining term for the committed borrowing facilities to 6.4 years.

Borrowings under the existing loan facilities are subject to certain financial covenants. The UK bank facilities and the US Private Placement share interest cover and LTV covenants. The interest cover requirement of EBITDA:interest is 2.4:1, where it will remain until the end of the facilities' terms. Interest cover for the rolling twelve month period to 30 April 2018 is 8.6x, calculated on the basis required under our financial covenants.

The LTV covenant is 60% in both the UK and France, where it will remain until the end of the facilities' terms. As at 30 April 2018, there is significant headroom in both the UK LTV and the French LTV covenant calculations. The Group is in compliance with its covenants at 30 April 2018 and, based on forecast projections, is expected to be in compliance for a period in excess of twelve months from the date of this report.

Alligator Acquisition

On 1 November 2017 the Group completed the acquisition of Stork Self Storage Holdings Limited, trading as Alligator Self Storage, a company controlled by funds managed or advised by York Capital Management, for consideration of £55.9m, net of cash acquired. The consideration paid is greater than the provisional fair value of the identifiable net assets and, as a result £1.0m of goodwill has been recognised. In respect of this transaction, £1.4m of transaction related costs were reported as an exceptional item within administrative expenses for the year ended 31 October 2017.

Cash flow

The table below sets out the cash flow of the business in H1 2018 and H1 2017.

	H1 2018 £'m	H1 2017 £'m
Underlying EBITDA	39.1	34.9
Working capital/other	(2.2)	0.7
Operating cash inflow	36.9	35.6
Interest payments	(4.1)	(5.8)
Leasehold rent payments	(5.4)	(5.0)
Tax payments	(4.3)	(1.6)
Free cash flow (before investing and financing activities)	23.1	23.2
Acquisition of subsidiary, net of cash acquired	(55.9)	-
Capital expenditure - investment properties	(13.7)	(13.8)
Capital expenditure - property, plant and equipment	(0.4)	(0.3)
Proceeds from disposal - investment properties	-	3.4
Net cash flow after investing activities	(46.9)	12.5
Dividends paid	(17.7)	(14.7)
Net drawdown of borrowings	5.0	3.4
Debt issuance costs	(0.6)	-
Net (decrease)/increase in cash	(60.2)	1.2

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

Operating cash flow increased by £1.3m in the period, principally reflecting the £4.2m increase in underlying EBITDA, partly offset by the impact of working capital outflows. The working capital outflows include the payment of transaction costs related to the acquisition of Alligator, deposits paid in respect of pipeline stores and other seasonal and volume related cash flow fluctuations.

Interest payments were £1.7m lower than the prior half year, principally as a result of the refinancing of our borrowing arrangements in May 2017. However, tax paid during the period increased by £2.7m due to timing differences, arising from the benefit of tax losses utilised in France in previous years reducing payments on account made in the prior year. As a result, free cash flow (before investing and financing activities) fell by £0.1m to £23.1m (H1 2017: £23.2m).

Investing activities experienced a net outflow of £70.0m (H1 2017: £10.7m), principally due to the £55.9m (net of cash acquired) paid for the acquisition of Alligator, plus capital expenditure relating to the new sites at Mitcham in London, Paddington Marble Arch and Merry Hill in Birmingham and Poissy in Paris. Of the £13.7m cash outflow on investment properties, £3.2m (H1 2017: £2.9m) was spent on capital maintenance and store fit-outs, with the balance principally spent on new stores and development of the existing portfolio.

Dividends paid to shareholders increased from £14.7m in H1 2017 to £17.7m in H1 2018, and the Group drew a net £5.0m of borrowings, primarily to finance capital expenditure.

Consolidated income statement
for the six months ended 30 April 2018

	Note	**Six months ended 30 April 2018 (unaudited) £m**	Six months ended 30 April 2017 (unaudited) £m	Year ended 31 October 2017 (audited) £m
Revenue	4	**69.2**	62.6	129.9
Cost of sales		**(25.3)**	(22.5)	(45.7)
Gross profit		**43.9**	40.1	84.2
Administrative expenses		**(8.4)**	(6.3)	(13.8)
Underlying EBITDA	4	**39.1**	34.9	74.4
Exceptional items		**-**	-	(1.4)
Share-based payments		**(2.7)**	(0.7)	(1.5)
Depreciation and contingent rent		**(0.9)**	(0.4)	(1.1)
Operating profit before gain on investment properties		**35.5**	33.8	70.4
Gain on investment properties	10	**51.8**	30.8	39.2
Operating profit		**87.3**	64.6	109.6
Finance income	5	**1.0**	5.7	6.1
Finance expense	5	**(6.4)**	(15.3)	(36.8)
Profit before income tax	4	**81.9**	55.0	78.9
Income tax credit/(charge)	6	**2.6**	3.8	(0.6)
Profit for the period		**84.5**	58.8	78.3
Earnings per share for profit attributable to the equity holders				
- basic (pence)	9	**40.3**	28.1	37.4
- diluted (pence)	9	**40.2**	28.0	37.3

All items in the income statement relate to continuing operations.

Underlying EBITDA is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties, contingent rent and depreciation.

An interim dividend of 5.1 pence per ordinary share has been declared for the period ended 30 April 2018 (30 April 2017: 4.2 pence).

Consolidated statement of comprehensive income
for the six months ended 30 April 2018

	Six months ended 30 April 2018 (unaudited) £m	Six months ended 30 April 2017 (unaudited) £m	Year ended 31 October 2017 (audited) £m
Profit for the period	**84.5**	58.8	78.3
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Currency translation differences	**-**	(9.8)	(3.0)
Net investment hedge	**-**	-	(0.9)
Total other comprehensive income, net of tax	**-**	(9.8)	(3.9)
Total comprehensive income for the period	**84.5**	49.0	74.4

Consolidated balance sheet
as at 30 April 2018

	Note	**30 April 2018 (unaudited) £m**	30 April 2017 (unaudited) £m	31 October 2017 (audited) £m
Non-current assets				
Goodwill	18	**1.0**	-	-
Investment properties	10	**1,120.8**	972.0	999.2
Interests in leasehold properties	10	**59.5**	55.6	56.2
Investment properties under construction	10	**8.4**	8.3	7.8
Property, plant and equipment		**2.2**	2.0	2.0
Derivative financial instruments	14	**1.6**	13.0	0.9
Deferred tax assets	7	**-**	0.1	0.1
Other receivables		**1.1**	2.1	1.1
		1,194.6	1,053.1	1,067.3
Current assets				
Inventories		**0.2**	0.2	0.2
Trade and other receivables		**26.6**	26.4	23.5
Cash and cash equivalents		**5.4**	6.3	65.6
		32.2	32.9	89.3
Total assets		**1,226.8**	1,086.0	1,156.6
Current liabilities				
Trade and other payables		**(44.7)**	(44.7)	(42.1)
Current income tax liabilities		**(2.7)**	(3.4)	(4.5)
Obligations under finance leases		**(10.2)**	(8.9)	(9.0)
		(57.6)	(57.0)	(55.6)
Non-current liabilities				
Bank borrowings	13	**(368.6)**	(311.4)	(363.6)
Derivative financial instruments	14	**(0.1)**	(3.1)	(0.2)
Deferred tax liabilities	7	**(47.5)**	(47.6)	(52.3)
Obligations under finance leases		**(49.3)**	(46.7)	(47.2)
		(465.5)	(408.8)	(463.3)
Total liabilities		**(523.1)**	(465.8)	(518.9)
Net assets		**703.7**	620.2	637.7
Shareholders' equity				
Ordinary shares	15	**2.1**	2.1	2.1
Share premium		**60.4**	60.1	60.4
Translation reserve		**12.7**	6.8	12.7
Retained earnings		**628.5**	551.2	562.5
Total equity		**703.7**	620.2	637.7

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

Condensed consolidated statement of changes in equity for the six months ended 30 April 2018

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 November 2017	2.1	60.4	12.7	562.5	637.7
Total comprehensive income for the period	-	-	-	84.5	84.5
Transactions with owners in their capacity as owner:					
Dividends (note 8)	-	-	-	(20.6)	(20.6)
Employee share options	-	-	-	2.1	2.1
At 30 April 2018	**2.1**	**60.4**	**12.7**	**628.5**	**703.7**

Condensed consolidated statement of changes in equity for the six months ended 30 April 2017

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total Equity £m
At 1 November 2016	2.1	60.1	16.6	508.6	587.4
Total comprehensive income for the period	-	-	(9.8)	58.8	49.0
Transactions with owners in their capacity as owner:					
Dividends (note 8)	-	-	-	(16.8)	(16.8)
Employee share options	-	-	-	0.6	0.6
At 30 April 2017	**2.1**	**60.1**	**6.8**	**551.2**	**620.2**

Condensed consolidated statement of changes in equity for the year ended 31 October 2017

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total Equity £m
At 1 November 2016	2.1	60.1	16.6	508.6	587.4
Total comprehensive income for the year	-	-	(3.9)	78.3	74.4
Transactions with owners in their capacity as owner:					
Dividends (note 8)	-	-	-	(25.6)	(25.6)
Increase in share capital	-	0.3	-	-	0.3
Employee share options	-	-	-	1.2	1.2
At 31 October 2017	**2.1**	**60.4**	**12.7**	**562.5**	**637.7**

Consolidated cash flow statement
for the six months ended 30 April 2018

	Six months ended 30 April 2018 (unaudited) £m	Six months ended 30 April 2017 (unaudited) £m	Year ended 31 October 2017 (audited) £m
Profit before income tax	**81.9**	55.0	78.9
Gain on the revaluation of investment properties	**(51.8)**	(30.8)	(39.2)
Depreciation	**0.3**	0.2	0.5
Net finance expense	**5.4**	9.6	30.7
Employee share options	**2.1**	0.6	1.2
Increase in trade and other receivables	**(2.2)**	(3.8)	(1.0)
Increase in trade and other payables	**0.6**	4.6	1.9
Cash flows from operating activities	**36.3**	35.4	73.0
Interest paid	**(6.4)**	(8.0)	(14.8)
Tax paid	**(4.3)**	(1.6)	(2.6)
Net cash inflow from operating activities	**25.6**	25.8	55.6
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	**(55.9)**	-	-
Expenditure on investment and development properties	**(13.7)**	(13.8)	(21.7)
Proceeds in respect of Capital Goods Scheme	**-**	-	1.4
Purchase of property, plant and equipment	**(0.4)**	(0.3)	(0.6)
Proceeds from disposal of investment properties	**-**	3.4	8.1
Net cash outflow from investing activities	**(70.0)**	(10.7)	(12.8)
Cash flows from financing activities			
Issue of share capital	**-**	-	0.3
Equity dividends paid	**(17.7)**	(14.7)	(25.6)
Proceeds from borrowings	**17.0**	17.4	238.0
Repayment of borrowings	**(12.0)**	(14.0)	(199.1)
Debt issuance costs	**(0.6)**	-	(2.0)
Hedge breakage receipts	**-**	-	13.9
Hedge breakage payments	**-**	-	(2.6)
Finance lease principal payments	**(2.5)**	(2.6)	(5.3)
Net cash (outflow)/inflow from financing activities	**(15.8)**	(13.9)	17.6
Net (decrease)/increase in cash and cash equivalents	**(60.2)**	1.2	60.4
Exchange loss on cash and cash equivalents	**-**	(0.3)	(0.2)
Opening cash and cash equivalents	**65.6**	5.4	5.4
Closing cash and cash equivalents	**5.4**	6.3	65.6

Reconciliation of net cash flow to movement in net debt for the six months ended 30 April 2018

	Six months ended 30 April 2018 (unaudited) £m	Six months ended 30 April 2017 (unaudited) £m	Year ended 31 October 2017 (audited) £m
Net (decrease)/increase in cash and cash equivalents (after exchange adjustments)	**(60.2)**	0.9	60.2
(Increase)/decrease in debt financing	**(8.3)**	7.6	(45.2)
(Increase)/decrease in net debt	**(68.5)**	8.5	15.0
Net debt at start of period	**(354.2)**	(369.2)	(369.2)
Net debt at end of period	**(422.7)**	(360.7)	(354.2)

Notes to the interim report for the six months ended 30 April 2018

1 General information

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

The Company is listed on the London Stock Exchange.

This interim report was approved for issue on 13 June 2018.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The full accounts of Safestore Holdings plc for the year ended 31 October 2017, which received an unqualified report from the auditor, and did not contain a statement under S.498(2) or (3) of the Companies Act 2006, were filed with the Registrar of Companies on 21 March 2018.

This condensed consolidated interim financial information for 30 April 2018 and 30 April 2017 is unaudited. The interim financial information for 30 April 2018 has been reviewed by the auditors and their Independent Review report is included within this financial information.

2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 April 2018 has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority (previously the Financial Services Authority) and with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union.

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

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 October 2017, which have been prepared in accordance with IFRS as adopted by the European Union.

Non-GAAP financial information

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

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

- Underlying EBITDA is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties, contingent rent and depreciation. Management considers this presentation to be representative of the underlying performance of the business, as it removes the income statement impact of items not fully controllable by management, such as the revaluation of derivatives and investment properties, and the impact of exceptional credits, costs and finance charges. This definition has been updated since the 2017 annual report to incorporate the adjustment made for share-based payments to reflect the new adjusted

2 Basis of preparation (continued)

EPRA earnings measure, which was introduced in the 2017 annual report and is defined below. The reconciliation of statutory operating profit to underlying EBITDA can be found in the financial review section of this announcement.

- Adjusted Diluted EPRA EPS is based on the European Public Real Estate Association's definition of earnings and is defined as profit or loss for the period after tax but excluding corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts. The Company then makes further adjustments for the impact of exceptional items, IFRS 2 share-based payment charges, exceptional tax items and deferred tax charges. This adjusted earnings is divided by the diluted number of shares. The IFRS 2 cost is excluded as it is written back to distributable reserves and is a non-cash item (with the exception of the associated National Insurance element). Therefore neither the Company's ability to distribute nor pay dividends are impacted (with the exception of the associated National Insurance element). The financial statements disclose earnings both on a statutory, EPRA and Adjusted Diluted EPRA basis and will provide a full reconciliation of the differences in the financial year in which any LTIP awards may vest. A reconciliation of statutory basic earnings per share to Adjusted Diluted EPRA EPS can be found in note 9.

- EPRA basic net assets per share is an industry standard measure recommended by the European Public Real Estate Association ("EPRA"). The basis of calculation, including a reconciliation to reported net assets, is set out in note 12.

3 Accounting policies

The condensed consolidated interim financial information has been prepared on the basis of the accounting policies expected to apply for the financial year to 31 October 2018 applicable to companies under IFRS. The IFRS and IFRIC interpretations as adopted by the European Union that will be applicable at 31 October 2018, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial statements. Thus the accounting policies adopted in these interim financial statements may be subject to revision to reflect further IFRS, IFRIC interpretations and pronouncements issued between 13 June 2018 and publication of the annual IFRS financial statements for the year ending 31 October 2018.

The accounting policies and presentation applied are consistent with those in the annual financial statements for the year ended 31 October 2017, as described in those financial statements. The following new or revised accounting standards or IFRIC interpretations are applicable for the first time in the year ending 31 October 2018:

- IAS 7 Amendments relating to the Disclosure Initiative;
- IAS 12 Amendments relating to recognition of deferred tax assets for unrealised losses; and
- Annual improvements to IFRSs 2014–2016 Cycle.

There has been no significant impact from the adoption of these accounting standards and IFRIC interpretations.

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

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed within the Group's accounting policies as disclosed in the IFRS financial statements for the year ended 31 October 2017. There have been no significant changes in accounting estimates in the period.

Notes to the interim report for the six months ended 30 April 2018 (continued)

4 Segmental information

The segmental information for the six months ended 30 April 2018 is as follows:

	United Kingdom £m	**Paris £m**	**Total £m**
Continuing operations			
Revenue	52.4	16.8	69.2
Underlying EBITDA	28.4	10.7	39.1
Share-based payments	(2.7)	-	(2.7)
Depreciation and contingent rent	(0.7)	(0.2)	(0.9)
Operating profit before gain on investment properties	25.0	10.5	35.5
Gain on investment properties	51.8	-	51.8
Operating profit	76.8	10.5	87.3
Net finance expense	(4.7)	(0.7)	(5.4)
Profit before tax	72.1	9.8	81.9
Total assets	936.4	290.4	1,226.8

The segmental information for the six months ended 30 April 2017 is as follows:

	United Kingdom £m	Paris £m	Total £m
Continuing operations			
Revenue	47.3	15.3	62.6
Underlying EBITDA	25.0	9.9	34.9
Share-based payments	(0.7)	-	(0.7)
Depreciation and contingent rent	(0.4)	-	(0.4)
Operating profit before gain on investment properties	23.9	9.9	33.8
Gain on investment properties	23.5	7.3	30.8
Operating profit	47.4	17.2	64.6
Net finance expense	(8.8)	(0.8)	(9.6)
Profit before tax	38.6	16.4	55.0
Total assets	822.5	263.5	1,086.0

Underlying EBITDA is defined as operating profit before exceptional items, share-based payments, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties, contingent rent and depreciation.

5 Finance income and costs

	Six months ended 30 April 2018 (unaudited) £m	Six months ended 30 April 2017 (unaudited) £m	Year ended 31 October 2017 (audited) £m
Finance income			
Fair value movement of derivatives	**0.9**	0.2	1.5
Unwinding of discount on Capital Goods Scheme receivable	**0.1**	0.1	0.1
Net exchange gains	**-**	5.4	4.5
Total finance income	**1.0**	5.7	6.1
Finance costs			
Interest payable on bank loans and overdrafts	**(3.9)**	(5.1)	(9.1)
Amortisation of debt issuance costs on bank loans	**(0.1)**	(0.2)	(0.3)
Underlying finance charges	**(4.0)**	(5.3)	(9.4)
Interest on obligations under finance leases	**(2.3)**	(2.2)	(4.4)
Fair value movement of derivatives	**(0.1)**	(7.8)	(6.7)
Exceptional finance expense	**-**	-	(16.3)
Total finance costs	**(6.4)**	(15.3)	(36.8)
Net finance costs	**(5.4)**	(9.6)	(30.7)

Included within interest payable of £3.9m (April 2017: 5.1m) is £0.2m (April 2017: £0.6m) of interest relating to derivative financial instruments that are economically hedging the Group's borrowings. The change in fair value of derivatives for the period is a net gain of £0.8m (April 2017: net charge of £7.6m).

6 Income tax credit/(charge)

	Six months ended 30 April 2018 (unaudited) £m	Six months ended 30 April 2017 (unaudited) £m	Year ended 31 October 2017 (audited) £m
Current tax	**(2.1)**	(2.0)	(4.0)
Deferred tax	**4.7**	5.8	3.4
	2.6	3.8	(0.6)

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

In France, the 2017 Finance Bill, which was adopted in December 2016, introduced a reduction in the income tax rate from 33.33% to 28.0%, applicable progressively from 2017 to 2020, and the 2018 Finance Bill, adopted in December 2017, introduced further progressive reductions in the tax rate to 25.0% by 2022. As a result, the deferred tax (charge)/credit reflects an exceptional deferred tax credit of £5.6m (April 2017: £8.7m) relating to these changes.

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

7 Deferred income tax

	As at 30 April 2018 (unaudited) £m	As at 30 April 2017 (unaudited) £m	As at 31 October 2017 (audited) £m
The amounts provided in the accounts are:			
Revaluation of investment properties	**47.0**	47.1	51.8
Other timing differences	**0.5**	0.5	0.5
Deferred tax liabilities	**47.5**	47.6	52.3
Interest rate swap instruments	**-**	(0.1)	(0.1)
Deferred tax assets	**-**	(0.1)	(0.1)
Net deferred tax liability	**47.5**	47.5	52.2

Notes to the interim report for the six months ended 30 April 2018 (continued)

8 Dividends

	Six months ended 30 April 2018 (unaudited) £m	Six months ended 30 April 2017 (unaudited) £m	Year ended 31 October 2017 (audited) £m
For the year ended 31 October 2016:			
Final dividend – paid 7 April 2017 (8.05p per share)	**-**	16.8	16.8
For the year ended 31 October 2017:			
Interim dividend – paid 15 August 2017 (4.2p per share)	**-**	-	8.8
Final dividend – paid 6 April 2018 (9.8p per share)	**20.6**	-	-
Dividends in the statement of changes in equity	**20.6**	16.8	25.6
Timing difference on payment of withholding tax	**(2.9)**	(2.1)	-
Dividends in the cash flow statement	**17.7**	14.7	25.6

An interim dividend of 5.1 pence per ordinary share (April 2017: 4.2 pence) has been declared. The ex-dividend date will be 12 July 2018 and the record date 13 July 2018, with an intended payment date of 17 August 2018.

It is intended that 50% (April 2017: 50%) of the interim dividend of 5.1 pence per ordinary share (April 2017: 4.2 pence) will be paid as a REIT Property Income Distribution ("PID") net of withholding tax where appropriate.

The interim dividend, amounting to £10.7m (April 2017: £8.8m), has not been included as a liability at 30 April 2018. It will be recognised in shareholders' equity in the year to 31 October 2018.

9 Earnings per ordinary share

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

	Six months ended 30 April 2018 (unaudited)			Six months ended 30 April 2017 (unaudited)			Year ended 31 October 2017 (audited)		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	**84.5**	**209.7**	**40.3**	58.8	209.0	28.1	78.3	209.2	37.4
Dilutive share options	**-**	**0.7**	**(0.1)**	-	1.0	(0.1)	-	1.0	(0.1)
Diluted	**84.5**	**210.4**	**40.2**	58.8	210.0	28.0	78.3	210.2	37.3

9 Earnings per ordinary share (continued)

Adjusted earnings per share

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

	Six months ended 30 April 2018 (unaudited)			Six months ended 30 April 2017 (unaudited)			Year ended 31 October 2017 (audited)		
	Earnings/ (loss) £m	**Shares million**	**Pence per share**	Earnings/ (loss) £m	Shares million	Pence per share	Earnings/ (loss) £m	Shares million	Pence per share
Basic	**84.5**	**209.7**	**40.3**	58.8	209.0	28.1	78.3	209.2	37.4
Adjustments:									
Gain on investment properties	**(51.8)**	**-**	**(24.7)**	(30.8)	-	(14.7)	(39.2)	-	(18.8)
Exceptional items	**-**	**-**	**-**	-	-	-	1.4	-	0.7
Exceptional finance costs	**-**	**-**	**-**	-	-	-	16.3	-	7.8
Unwinding of discount on CGS receivable	**(0.1)**	**-**	**-**	(0.1)	-	-	(0.1)	-	-
Net exchange gains	**-**	**-**	**-**	(5.4)	-	(2.6)	(4.5)	-	(2.2)
Change in fair value of derivatives	**(0.8)**	**-**	**(0.4)**	7.6	-	3.6	5.2	-	2.5
Tax on adjustments	**(5.2)**	**-**	**(2.5)**	(6.3)	-	(3.0)	(4.4)	-	(2.1)
Adjusted	**26.6**	**209.7**	**12.7**	23.8	209.0	11.4	53.0	209.2	25.3
EPRA adjusted:									
Depreciation of leasehold properties	**(2.5)**	**-**	**(1.2)**	(2.6)	-	(1.2)	(5.3)	-	(2.5)
Tax on leasehold depreciation adjustment	**0.5**	**-**	**0.2**	0.5	-	0.2	1.0	-	0.5
EPRA basic	**24.6**	**209.7**	**11.7**	21.7	209.0	10.4	48.7	209.2	23.3
Share-based payment charge	**2.7**	**-**	**1.3**	0.7	-	0.3	1.5	-	0.7
Pro forma Dilutive shares	**-**	**7.1**	**(0.4)**	-	7.4	(0.3)	-	7.5	(0.8)
Adjusted Diluted EPRA EPS (pro forma)	**27.3**	**216.8**	**12.6**	22.4	216.4	10.4	50.2	216.7	23.2

The definition of Adjusted Diluted EPRA EPS is found in note 2 to the financial statements.

10 Property portfolio

	Investment properties	Interest in leasehold properties	Investment properties under construction	Total investment properties
	£m	£m	£m	£m
At 1 November 2017	999.2	56.2	7.8	1,063.2
Additions	6.5	4.4	5.6	16.5
On acquisition of subsidiaries	55.9	1.4	-	57.3
Reclassification	5.1	-	(5.1)	-
Revaluation movement	54.2	-	0.1	54.3
Depreciation	-	(2.5)	-	(2.5)
Exchange movements	(0.1)	-	-	(0.1)
At 30 April 2018	**1,120.8**	**59.5**	**8.4**	**1,188.7**

	Investment Properties	Interest in leasehold properties	Investment properties under construction	Total investment properties
	£m	£m	£m	£m
At 1 November 2016	943.3	58.9	10.9	1,013.1
Additions	3.7	0.3	8.4	12.4
Disposals	(3.4)	-	-	(3.4)
Reclassification	10.9	-	(10.9)	-
Revaluation movement	33.4	-	-	33.4
Depreciation	-	(2.6)	-	(2.6)
Exchange movements	(15.9)	(1.0)	(0.1)	(17.0)
At 30 April 2017	**972.0**	**55.6**	**8.3**	**1,035.9**

The Group has classified investment property and investment property under construction, held at fair value, within Level 3 of the fair value hierarchy. There were no transfers to or from Level 3 during the period. The fair valuation exercise undertaken at 30 April 2018 is explained in note 11.

11 Valuations

External valuation

A sample of the Group's largest properties, representing approximately 41% of the value of the Group's investment property portfolio at 31 October 2017, has been valued by the Group's external valuers, Cushman & Wakefield ("C&W"), as at 30 April 2018. The valuation has been carried out in accordance with the current UK edition of the RICS Valuation – Professional Standards, published by The Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each of the investment properties has been prepared on the basis of fair value as a fully equipped operational entity, having regard to trading potential. The valuation has been provided for accounts purposes and, as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, C&W has confirmed that:

- the member of the RICS who has been the signatory to the valuations provided to the Group for the same purposes as this valuation, has done so since October 2006;
- C&W has been carrying out regular valuations for the same purpose as this valuation on behalf of the Group since October 2006;
- C&W does not provide other significant professional or agency services to the Group;
- 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
- the fee payable to C&W is a fixed amount per property and is not contingent on the appraised value.

Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from low liquidity in the market for self-storage property. C&W notes that in the UK since the start of 2015 there have only been twelve transactions involving multiple assets and ten single asset transactions, and C&W is aware of only one recent comparable transaction in the Paris market. C&W states that due to the lack of comparable market information in the self-storage sector, there is greater uncertainty attached to its opinion of value than would be anticipated during more active market conditions.

Portfolio premium

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

Further details of the valuation carried out by C&W as at 31 October 2017, including the valuation method and assumptions, are set out in note 11 to the Group's annual report and financial statements for the year ended 31 October 2017. This note should be read in conjunction with note 11 of the Group's annual report.

11 Valuations (continued)

Directors' valuation

In addition, at the same date, the Directors have prepared estimates of fair values for the remaining 59% of the Group's investment property portfolio, incorporating assumptions for estimated absorption, revenue growth and capitalisation rates to reflect current market conditions and trading.

Assumptions

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

- Net operating income is based on projected revenue received less projected operating costs together with a central administration charge of 6% of the estimated annual revenue subject to a cap and collar. The initial net operating income is calculated by estimating the net operating income in the first twelve months following the valuation date.

- The net operating income in future years is calculated assuming either straight line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuations the assumed stabilised occupancy level for the trading stores (both freeholds and all leaseholds) open at 30 April 2018 averages 83.39% (31 October 2017: 80.91%). 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 28.38 months (31 October 2017: 23.10 months).

- The capitalisation rates applied to existing and future net cash flows have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as student housing and hotels, bank base rates, ten year money rates, inflation and the available evidence of transactions in the sector. The valuations included in the accounts assume rental growth in future periods. If an assumption of no rental growth is applied to the valuations, the net initial yield pre-administration expenses for the mature stores (i.e. excluding those stores categorised as "developing") is 7.35% (31 October 2017: 7.84%), rising to stabilised net yield pre-administration expenses of 8.84% (31 October 2017: 8.80%).

- 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 all leaseholds) is 10.50% (31 October 2017: 10.55%).

- Purchaser's costs in the range of approximately 4.0% to 6.8% for the UK and 7.5% for Paris have been assumed initially, reflecting the progressive SDLT rates brought into force in March 2016 in the UK, and sales plus purchaser's costs totalling approximately 6.0% to 8.8% (UK) and 9.5% (Paris) are assumed on the notional sales in the tenth year in relation to freehold and long leasehold stores.

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

As a result of these exercises, as at 30 April 2018, the Group's investment property portfolio has been valued at £1,120.8m (April 2017: £972.0m), and a revaluation gain of £54.2m (April 2017: £33.4m) has been recognised in the income statement for the period.

A full external valuation of the Group's investment property portfolio will be performed at 31 October 2018.

12 Net assets per share

Analysis of net asset value	**As at 30 April 2018 (unaudited) £m**	As at 30 April 2017 (unaudited) £m	As at 31 October 2017 (audited) £m
Net assets	**703.7**	620.2	637.7
Adjustments to exclude:			
Fair value of derivative financial instruments (net of deferred tax)	**(1.5)**	(10.0)	(0.8)
Deferred tax liabilities on the revaluation of investment properties	**47.0**	47.1	51.8
EPRA net asset value	**749.2**	657.3	688.7
Basic net assets per share (pence)	**335**	296	304
EPRA basic net assets per share (pence)	**357**	314	329
Diluted net assets per share (pence)	**334**	295	303
EPRA diluted net assets per share (pence)	**356**	313	327
	Number	**Number**	**Number**
Shares in issue	**210,008,901**	209,289,938	209,466,956

Basic net assets per share is shareholders' funds divided by the number of shares at the period end. The number of shares in issue at the period end excludes 2,316 shares (April 2017: 16,263 shares) held by the Safestore Employee Benefit Trust. Diluted net assets per share is shareholders' funds divided by the number of shares at the period end, adjusted for dilutive share options of 650,770 shares (April 2017: 973,694 shares). As an industry standard measure, European Public Real Estate Association ("EPRA") net asset values are presented.

13 Borrowings

The tables below set out the Group's borrowings position as at 30 April 2018:

Non-current	**As at 30 April 2018 (unaudited) £m**	As at 30 April 2017 (unaudited) £m	As at 31 October 2017 (audited) £m
Borrowings:			
Secured - bank loans	**208.8**	225.7	203.8
Secured - US Private placement notes	**160.3**	87.2	160.4
Debt issue costs	**(0.5)**	(1.5)	(0.6)
	368.6	311.4	363.6

13 Borrowings (continued)

The bank loan facility agreement expires in June 2022, with an option to extend to June 2023. The private placement notes have €50.9m due for repayment in 2024, €74.1m due 2027 and £50.5m due 2029. The borrowings are secured by a fixed charge over the Group's investment property portfolio.

Borrowings are stated before unamortised issue costs of £0.5m (31 October 2017: £0.6m). The bank loans and private placement notes were repayable as follows:

	As at 30 April 2018 (unaudited) £m	As at 30 April 2017 (unaudited) £m	As at 31 October 2017 (audited) £m
Between two and five years	**208.8**	276.4	203.8
After more than five years	**160.3**	36.5	160.4
Borrowings	**369.1**	312.9	364.2
Unamortised issue costs	**(0.5)**	(1.5)	(0.6)
	368.6	311.4	363.6

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

	As at 30 April 2018 (unaudited)	As at 30 April 2017 (unaudited)	As at 31 October 2017 (audited)
Bank loans (Sterling)	**Quarterly or monthly LIBOR plus 1.25%**	Monthly LIBOR plus 1.50%	Quarterly or monthly LIBOR plus 1.25%
Bank loans (Euro)	**Quarterly EURIBOR plus 1.25%**	Quarterly or monthly EURIBOR plus 1.50%	Quarterly EURIBOR plus 1.25%
Private placement notes (US Dollar)	**n/a**	Weighted average rate of 6.21%	n/a
Private placement notes (Euro)	**Weighted average rate of 1.83%**	n/a	Weighted average rate of 1.83%
Private placement notes (Sterling)	**2.92%**	n/a	2.92%

Borrowing facilities

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

	Floating rate		
	As at 30 April 2018 (unaudited) £m	As at 30 April 2017 (unaudited) £m	As at 31 October 2017 (audited) £m
Expiring beyond one year	**102.7**	84.2	107.7

14 Financial instruments

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

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

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

	As at 30 April 2018	As at 30 April 2017	As at 31 October 2017
	(unaudited)	(unaudited)	(audited)
Assets per the balance sheet	**£m**	£m	£m
Derivative financial instruments – Level 2	**1.6**	13.0	0.9

	As at 30 April 2018	As at 30 April 2017	As at 31 October 2017
	(unaudited)	(unaudited)	(audited)
Liabilities per the balance sheet	**£m**	£m	£m
Derivative financial instruments – Level 2	**0.1**	3.1	0.2

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

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

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

15 Share capital

	As at 30 April 2018	As at 30 April 2017	As at 31 October 2017
	(unaudited)	(unaudited)	(audited)
Called up, issued and fully paid	**£m**	£m	£m
210,011,217 (30 April 2017: 209,306,201) ordinary shares of 1p each	**2.1**	2.1	2.1

16 Capital commitments

The Group had capital commitments of £5.6m as at 30 April 2018 (April 2017: £1.2m).

17 Seasonality

Self-storage revenues are subject to seasonal fluctuations, with peak sales occurring in the second and third quarters of the year. This is due to seasonal weather conditions and holiday periods leading to less demand for storage. For the six months ended April 2017, on a like-for-like basis adjusting for the impact of changes to the Group's store portfolio, the level of self-storage revenues represented 48.1% (April 2016: 47.8%) of the annual level of self-storage revenue in the year ended 31 October 2017.

18 Acquisition of Subsidiary

On 1 November 2017 the Group completed the acquisition of Stork Self Storage (Holdings) Limited trading as Alligator Self Storage, a company controlled by funds managed or advised by York Capital Management, for consideration of £55.9m, net of cash acquired. The consideration paid is greater than the provisional fair value of the identifiable net assets and, as a result £1.0m of goodwill has been recognised. In respect of this transaction, £1.4m of transaction related costs were reported as an exceptional item within administrative expenses for the year ended 31 October 2017.

The fair values of the net assets acquired and the fair value of the consideration paid are as follows:

	£m
Assets	
Investment properties	55.9
Interests in leasehold properties	1.4
Trade and other receivables	0.8
Cash	2.2
Total Assets	**60.3**
Liabilities	
Trade and other payables	(1.8)
Obligations under finance leases	(1.4)
Total liabilities	**(3.2)**
Net Assets	**57.1**
Goodwill	**1.0**
Consideration paid	**58.1**

The determination of the fair values of the net assets acquired is provisional and may be subject to further review during the twelve months following the acquisition date.

Notes to the interim report for the six months ended 30 April 2018 (continued)

Principal risks and uncertainties

The principal risks and uncertainties which could affect the Group for the remainder of the financial year are consistent with those detailed on pages 14 to 16 of the Annual Report and Financial Statements for the year ended 31 October 2017, a copy of which is available at www.safestore.com, and include:

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

The Company regularly assesses these risks together with the associated mitigating factors listed in the 2017 Annual Report. The levels of activity in the Group's markets and the level of financial liquidity and flexibility continue to be the areas designated as appropriate for added management focus.

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

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

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

Forward-looking statements

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

Statement of Directors' responsibilities for the six months ended 30 April 2018

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

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

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

The Directors of Safestore Holdings plc are listed in the Safestore Holdings plc Annual Report for 31 October 2017. There have been no changes of director since the Annual Report. A list of current Directors is maintained on the Safestore Holdings plc website, www.safestore.com.

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

By order of the Board

Frederic Vecchioli	Andrew Jones
13 June 2018	13 June 2018
Chief Executive Officer	Chief Financial Officer

INDEPENDENT REVIEW REPORT TO SAFESTORE HOLDINGS PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2018 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the condensed consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
London, United Kingdom
13 June 2018