safestore™ self storage

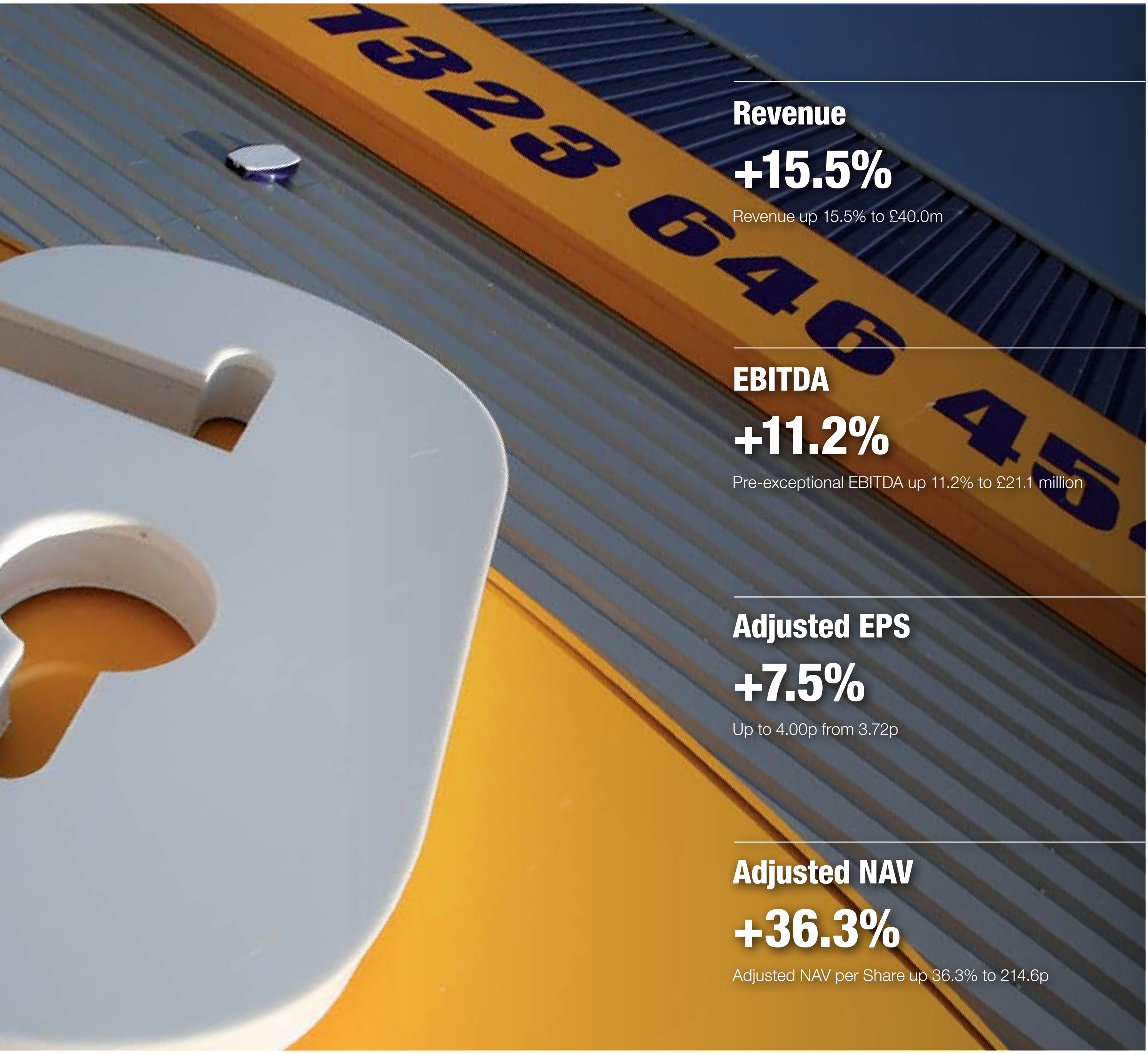
Storage for everyone

Safestore Holdings plc

Interim Report

For the six months ended 30 April 2008

Financial highlights



Revenue
+15.5%

Revenue up 15.5% to £40.0m

EBITDA
+11.2%

Pre-exceptional EBITDA up 11.2% to £21.1 million

Adjusted EPS
+7.5%

Up to 4.00p from 3.72p

Adjusted NAV
+36.3%

Adjusted NAV per Share up 36.3% to 214.6p

Bristol Filton

Coventry

Eastbourne

Ivry, Paris

Crayford

Feltham

Cheltenham

Chingford


Glasgow Dobbies

Contents

Interim Results Highlights

for the six months ended 30 April 2008

Safestore Holdings plc, the largest self storage retailer in the UK and Paris, is pleased to report its interim results for the six months ended 30 April 2008.

	Six months ended 30 April 2008	Restated# Six months ended 30 April 2007	**increase**
	£'000	£'000	**%**
Revenue	**39,986**	34,608	**15.5%**
EBITDA* before exceptional items and gain on investment properties	**21,128**	18,992	**11.2%**
Profit before Tax	**28,478**	24,225	**17.6%**
Tax#	**(7,956)**	(4,133)	**(92.5%)**
Profit after Tax# ("Earnings")	**20,522**	20,092	**2.1%**
Adjusted Profit after Tax†	**7,477**	6,568	**13.8%**
Basic Earnings Per Share** ("EPS")	**10.96p**	11.39p	**(3.8%)**
Adjusted EPS†	**4.00p**	3.72p	**7.5%**
Net Asset Value ("NAV") per Share	**144.7p**	103.1p	**40.3%**
Adjusted NAV† per Share	**214.6p**	157.4p	**36.3%**
Interim Dividend per Share	**1.65p**	1.50p	**10.0%**

Other key performance indicators:

- Like-for-like revenue increase of 14.0% to £38.8 million (2007: £34.0 million), like-for-like stores being those trading for two full financial years
- Ancillary revenue increase of 8.9% to £5.2 million (six months to 30 April 2007: £4.8 million)
- Average rate per square foot ("sq ft") for the six months ended 30 April 2008 increased by 12.4% to £23.55 (six months to 30 April 2007: £20.95)
- Like-for-like increase in average rate per sq ft of 12.3% to £23.75 (six months to 30 April 2007: £21.14)
- Closing occupancy as at 30 April 2008 was 1.5% higher than 30 April 2007 at 2.84 million sq ft (30 April 2007: 2.80 million sq ft)
- On a like-for-like basis closing occupancy has decreased by 1.4% to 2.73 million sq ft (30 April 2007: 2.77million sq ft)
- Six new stores opened in the period with a pipeline of 13 expansion stores of which nine have planning permission. Three of these stores will open in the second half of this financial year.
- As at 30 April 2008, Safestore's property portfolio was valued at £645 million, an increase of 10.5%, or £61 million, since 31 October 2007, and 29.7%, or £147 million, since 30 April 2007
- The average freehold exit yield as at 30 April 2008 was 7.14%, consistent with the 7.12% at 31 October 2007 and slightly increased from the 7.03% at 30 April 2007

Steve Williams, Safestore's Chief Executive, commented:

"The business has performed well in a challenging economic environment and we are encouraged by the results which demonstrate that the business is showing resilience in the face of an economic and housing slowdown.

Trading in the second half of the year has begun positively. Rental rates per square foot remain strong and we have seen some recovery in occupancy growth, which is ahead of last year. Occupancy growth in the second half is likely to remain the key challenge but the Board remains confident of the outcome for the full year."

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

The tax charge for H1 2007 has been restated to be consistent with the treatment adopted for the full year in relation to the change in Corporation Tax rates applicable to deferred tax. Following this adjustment, last year's tax charge includes a non-recurring credit of £3.4m.

**The basic EPS comparison is impacted by the £3.4m tax credit in 2007, and the increase in number of shares and change in the overall financial structure that occurred on IPO.

† Adjusted Profit after Tax, EPS and NAV excludes the exceptional items, effects of gains on investment properties and the associated deferred tax.

Chief Executive's Review

Introduction

We are pleased to present Safestore's results for the six months ended 30 April 2008. The business has performed well in a more challenging economic environment and we are encouraged that the results demonstrate that the business is showing resilience in the face of an economic and housing slowdown. The results show good increases in revenue and earnings which reflects the Company's success in improving rental rate income and controlling costs across the portfolio which has more than offset the marginal softening in like-for-like occupancy levels over the period.

The overall occupancy is higher compared to the same period last year which has been underpinned by the new stores. Closing occupancy at 30 April 2008 was 2.4% lower than at 31 October 2007 at 2.84 million sq ft.

Self storage, which is still an immature market, is continuing to grow, driven by increased awareness and a mix of socio-economic factors. These include house moves, workforce mobility, an ageing population, higher divorce rates, housing stock pressure, smaller houses and apartments being built as well as changing lifestyle trends. All these factors contribute to a lack of space for individuals and businesses to store goods which is reflected in the fact that overall enquiries are ahead of the comparable period last year.

While Safestore is not completely immune from a general economic downturn and a slowdown in the housing market, there are compensating factors when the housing market slows such as protracted housing chains or people selling before they buy. Despite the fact that there are less enquiries and new lets directly related to house moves, the people that require space do so for a longer period of time. Therefore our recent performance continues to give us confidence in the resilience of our business.

We currently operate 109 stores (89 in the UK including three business centres and 20 in France) with a self storage Maximum Lettable Area ("MLA") of 4.6 million sq ft and an overall MLA of 4.8 million sq ft. This includes six new stores opened in the first half of the financial year adding 318,000 sq ft of lettable space. In addition we have a further 13 expansion stores (new stores on which sites have been purchased or contracts exchanged), of which nine have planning permission, and these stores will add around 620,000 sq ft of MLA when open. Three of these stores will open in the second half of this financial year.

We have today announced a 10% increase in the interim dividend which underpins our confidence in the Safestore business model.

Financial Review

For the six months ended 30 April 2008, revenue grew to £40.0 million (six months ended 30 April 2007: £34.6 million), an increase of 15.5%. On a like-for-like basis revenues grew by 14.0% to £38.8 million (six months ended 30 April 2007: £34.0 million) of which approximately 72% was attributed to rate improvement, 19% due to increases in occupancy, with the balance stemming from increases in ancillary and other revenues. UK revenues for the period increased by 12.6% to £32.1 million (six months ended 30 April 2007: £28.6 million), with revenues for the same period from France rising by 29.4% to £7.8 million (six months ended 30 April 2007: £6.1 million). Revenues for France for the six months ended 30 April 2008 were 16.5% higher on a constant currency basis.

Average annual rate per sq ft increased by 12.4% to £23.55, whilst like-for-like rates increased by 12.3% to £23.75. The increase in rental rates is due to a combination of factors including planned annual increases in rates and ongoing pro-active re-configuration of our unit sizes as our smaller units yield a higher rate per square foot.

Despite a worsening economic environment we saw closing occupancy 1.5% higher than 30 April 2007 at approximately 2.84 million sq ft. On a like-for-like basis closing occupancy was 1.4% lower than 30 April 2007 at approximately 2.73 million sq ft.

Ancillary revenues for the period, derived from the sale of contents insurance, storage accessories and miscellaneous items, increased by 8.9% to £5.2 million (six months ended 30 April 2007: £4.8 million). This represents 15.6% of self storage revenues.

As a consequence of the increased revenue the Company generated pre-exceptional EBITDA of £21.1 million, an increase of 11.2% over the same period last year (six months ended 30 April 2007: £19.0 million). This increase is in spite of the effect of the 10 new store openings in the last 12 months, which typically suffer high start up losses during the first year of trading. Like-for-like EBITDA margins are similar to last year at just under 55%, although the impact of the 10 new stores opened within the last 12 months has reduced the margin to 52.8% for the period.

In accordance with IAS 23 we have adopted a policy of capitalising interest on development properties. In the period we have capitalised circa £530,000 of interest (last year £nil).

Profit after tax was £20.5 million compared to £20.1 million in the comparative period last year. After adjusting for the gain on the revaluation of the property portfolio, exceptional items, goodwill and the associated tax charges, the Company made an adjusted profit after tax in the period of £7.5 million compared to £6.6 million for the same period last year. Basic and adjusted EPS were 10.96p and 4.00p respectively for the period ended 30 April 2008 (six months ended 30 April 2007: 11.39p and 3.72p respectively).

Basic EPS has fallen by 3.8% against the same period last year, although there are two distorting factors within last year's EPS calculation. First, the tax charge included a one-off credit of £3.4 million in respect of a change in the deferred tax rate from 30% to 28%. Second, the average number of shares last year was significantly lower than the current financial year due to the issuance of new shares at the time of the IPO in March 2007.

Chief Executive's Review
continued

As at 30 April 2008, the Group's net borrowings totalled £250 million. At this date approximately 70% of the net debt was covered by an interest rate swap at approximately 5.24% running to June 2011, delivering an all in cost of debt of circa 6.3%. During the period the Company renegotiated its funding arrangements with its bankers and reduced the margins by up to 35 basis points dependent upon a margin ratchet.

The principal risks and uncertainties are unchanged from the annual report at 31 October 2007, being self storage market risk, property risk, treasury risk and taxation risk. These are set out on pages 40 and 41 in the annual report for the year ended 31 October 2007.

Retail Store Portfolio

Safestore has the largest number of self storage stores in the UK and central Paris. At the end of the half year, we had 89 stores located across the UK (62% freehold / long leasehold and 38% short leasehold). In France, we have 20 stores (30% freehold, 70% short leasehold) which are well positioned in and around the central Paris area. Our strategy remains to "cluster" stores in specific geographic areas ensuring that they are located in tight formations, facilitating management efficiency and accelerating local awareness. London and Paris represent the best examples of this approach, creating market leading positions in both centres.

Safestore's strategy is to operate a balanced property portfolio including a mix of freehold and leasehold sites appropriate to the specific markets in which we operate. One of our key objectives is to secure new stores in locations that we believe will enable us to drive earnings and generate value. The flexibility of our approach enables us to draw from a much wider selection of potential properties and locations and is a significant advantage given the continued competition for new high visibility sites. This underpins our confidence in maintaining our leading UK market position and expanding our European portfolio. Freehold stores will continue to be the largest proportion of the estate but, as an operational and cash generative business, leasehold sites also offer a highly attractive return on capital, EBITDA and cash flow. Safestore also has an excellent track record of achieving lease extensions and converting leaseholds to freeholds.

We believe that European self storage yields will continue to be more stable than in the general commercial property market because of the different cash flow characteristics within our industry. If, as we believe, general commercial property yields continue to rise, this combined with the tightening of the credit markets may provide opportunities for additional development sites at more competitive prices.

At the period end, the Group's portfolio of 109 stores comprised a self storage MLA of 4.6 million sq ft with 4.1 million sq ft currently built out. In the period under review, we successfully added a further 318,000 sq ft of self storage space through the opening of new stores at Dobbies Loan (Glasgow), Rutherglen (Glasgow), Crayford, Cheltenham, Sunderland and Bristol Filton. Of these 6 stores, 5 are new purpose built and one a high specification conversion. Initial trading within these new stores has been encouraging.

Retail Store Expansion Programme

We are confident of meeting our stated target of expanding our store portfolio by 7-10 stores each year. We currently have 13 expansion stores in the UK and France, 9 of which have planning permission, and the majority of which are due to open by the end of 2009, therefore adding approximately a further 620,000 sq ft of self storage space. During the second half we will be opening stores in Hanworth, Chingford and Lafayette (Paris). This will bring the total number of stores open during the year to 9. At any one time the Company typically has between 30-40 stores at various stages of negotiation within which there is a pipeline of 'expansion stores' on which contracts have been exchanged or sites purchased.

Our primary focus is on opening new stores within our current markets, but we will also continue to evaluate opportunities to acquire self storage businesses in these markets and certain other markets within Europe.

Operational Focus

We manage Safestore as a customer facing business focused on delivering optimal operational cash flow. The Safestore management team have unequalled retail, service and customer led experience and expertise in the self storage sector. Our approach remains focused on our customers receiving excellent service and a value for money proposition. Our micro management of rental rates and space utilisation continues to deliver exceptional growth in rate per square foot year-on-year. We believe this approach, the depth of expertise and knowledge of the management team and our flexible business model clearly differentiates Safestore from its competitors. This will be crucial in maintaining our market leading position. The Board regularly re-assesses the expansion programme and will continue to be prudent in its approach in relation to the balance of trading and expansion stores and the required returns on investments.

We continue to invest heavily in the web and IT systems to ensure that Safestore remains at the forefront of self storage technology in the UK. Our aim is to continue to increase our market leading position across the UK and Paris whilst continuing to build the Safestore brand.

Our employees are our biggest asset and we will continue to lead the way in our comprehensive training and coaching programmes which have delivered over 1,000 days training in the first 6 months of the year. This is backed up with an incentive scheme for all employees that recognises and rewards the achievement of store and people specific targets. Safestore has now held its 'Investors in people' status for over five years.

Chief Executive's Review
continued

Property Portfolio Valuation

The Company's property portfolio has been valued by Cushman and Wakefield LLP. As at 30 April 2008, the total value of the Company's property portfolio was £644.7 million, up £61.0 million or 10.5% from £583.7 million at 31 October 2007. £36.7 million of this uplift is derived from the new stores opened in the period, including the acquisition of a freehold interest of an existing leasehold store. A further £8.3 million relates to exchange gains arising on the translation of the French properties. The balance of £16.0 million has been delivered by the like for like store portfolio with almost all the uplift being attributable to operational out-performance rather than yield movements.

Location	Tenure	MLA (incl Offices) Sq Ft '000	Valuation 30 Apr 08 £ million	Valuation 31 Oct 07 £ million	Uplift from Oct 2007 £ million	Valuation 30 Apr 07 £ million	Uplift from Apr 07 £ million
UK	Freehold and Long Lease	2,499	457.4	421.0	36.4	371.5	85.9
	Short Lease	1,453	105.7	97.6	8.1	76.0	29.7
France	Freehold and Long Lease	259	43.5	30.9	12.6	23.2	20.3
	Short Lease	574	38.1	34.2	3.9	26.5	11.6
Total		**4,785**	**644.7**	**583.7**	**61.0**	**497.2**	**147.5**

At the half year end, the Group's property portfolio comprised 109 trading stores; the freehold/long leasehold properties were valued at £500.9 million and the short leasehold were valued at £143.8 million. Freehold/long leasehold stores account for 77.7% of the most recent valuation with the remaining 22.3% being attributable to the short leasehold portfolio. The Group's current pipeline of 13 expansion stores is currently held at cost, amounting to circa £25 million.

The effect of the valuation has resulted in an adjusted NAV per share of 214.6p, representing an increase of 36.3% from 157.4p per share as at 30 April 2007, and an increase of 8.1% from 198.8p as at 31 October 2007.

Dividend

It is the Board's intention to continue with a progressive dividend policy. The Board is therefore pleased to announce an interim dividend of 1.65p per share which equates to a 10% increase. The dividend will be paid on 6 August 2008 to shareholders who are on the Company's Register at the close of business on 4 July 2008. The ex-dividend date will be 2 July 2008.

Outlook

Trading in the second half of the year has begun positively in spite of the current economic conditions, and we have seen some recovery in occupancy growth ahead of last year with rental rates per square foot remaining strong. However, we recognise that the economic outlook remains fragile and we will continue to manage the business accordingly; concentrating on protecting rental rates and margin during the second half of the year. Occupancy growth in the second half will continue to be challenging but the Board remains confident of the outcome for the full year.

S W Williams

24 June 2008

Consolidated income statement

for the six months ended 30 April 2008

	Note	**Six months ended 30 April 2008 (unaudited)**	Six months ended 30 April 2007 (Restated)* (unaudited)	Year ended 31 October 2007 (audited)
		£'000	£'000	£'000
Revenue	4	**39,986**	34,608	74,303
Cost of sales		**(13,108)**	(13,255)	(23,469)
Gross profit		**26,878**	21,353	50,834
Administrative expenses		**(5,814)**	(4,780)	(9,474)
EBITDA before exceptional items and gain on investment properties		**21,128**	18,992	40,725
Depreciation		**(64)**	(55)	(123)
Exceptional items	9	**-**	(2,364)	758
Operating profit before gain on investment properties		**21,064**	16,573	41,360
Gain on the revaluation of investment properties	11	**18,199**	17,315	81,264
Operating profit	4	**39,263**	33,888	122,624
Finance income		**1,153**	684	1,381
Finance expense	5	**(11,938)**	(10,347)	(20,387)
Profit before taxation		**28,478**	24,225	103,618
Income tax expense	6	**(7,956)**	(4,133)	(25,433)
Profit for the period (attributable to equity shareholders)		**20,522**	20,092	78,185
Basic and diluted earnings per share	10	**10.96p**	11.39p	43.02p

All items in the income statement relate to continuing operations.

*see note 3.

An interim dividend of 1.65 pence per ordinary share has been proposed for the period ended 30 April 2008 (30 April 2007: 1.50 pence).

Consolidated balance sheet

as at 30 April 2008

	Note	**30 April 2008 (unaudited) £'000**	30 April 2007 (unaudited) £'000	31 October 2007 (audited) £'000
Non-current assets				
Investment properties	11	**712,313**	554,130	647,131
Development properties	11	**25,062**	21,025	31,867
Plant, equipment and owner-occupied properties		**1,495**	1,462	1,477
Deferred income tax assets	7	**8,371**	8,028	8,407
		747,241	584,645	688,882
Current assets				
Inventories		**253**	176	252
Trade and other receivables		**15,023**	14,332	12,730
Other financial assets		**276**	11,209	3,009
Derivative financial instruments		**1,053**	3,300	-
Cash and cash equivalents		**8,900**	21,954	18,583
		25,505	50,971	34,574
Total assets		**772,746**	635,616	723,456
Current liabilities				
Financial liabilities				
- borrowings		**(3,160)**	(5,348)	(3,340)
Trade and other payables		**(41,196)**	(42,798)	(41,610)
Obligations under finance leases		**(9,774)**	(7,863)	(8,940)
		(54,130)	(56,009)	(53,890)
Non-current liabilities				
Bank borrowings		**(255,825)**	(234,083)	(240,386)
Trade and other payables		**(1,310)**	(1,605)	(1,605)
Deferred income tax liabilities	7	**(131,202)**	(102,453)	(124,049)
Obligations under finance leases		**(58,818)**	(48,321)	(55,453)
Provisions for liabilities		**(109)**	(175)	(130)
		(447,264)	(386,637)	(421,623)
Total liabilities		**(501,394)**	(442,646)	(475,513)
Net assets		**271,352**	192,970	247,943

Consolidated balance sheet

as at 30 April 2008 (continued)

	Note	**30 April 2008 (unaudited) £'000**	30 April 2007 (unaudited) £'000	31 October 2007 (audited) £'000
Equity				
Called up share capital	15	**1,881**	1,871	1,871
Share premium account	14	**28,349**	28,903	28,410
Reserves	14	**241,122**	162,196	217,662
Total shareholders' funds	16	**271,352**	192,970	247,943

The notes on pages 14 to 22 form an integral part of this condensed consolidated interim financial information.

Consolidated statement of recognised income and expense

for the six months ended 30 April 2008

	Six months ended 30 April 2008 (unaudited) £'000	Six months ended 30 April 2007 (Restated)* (unaudited) £'000	Year ended 31 October 2007 (audited) £'000
Profit for the financial period/year	**20,522**	20,092	78,185
Net exchange adjustment offset in reserves net of tax	**9,317**	445	1,120
Cash flow hedge: net fair value gains net of tax	**(1,314)**	2,430	1,916
Impact of change in UK tax rate on deferred tax	**-**	3,157	3,157
Movement on deferred tax asset relating to pension deficit	**-**	(74)	(74)
Total recognised income in period/year	**28,525**	26,050	84,304

*see note 3.

Consolidated cash flow statement

for the six months ended 30 April 2008

	Six months ended 30 April 2008 (unaudited) £'000	Six months ended 30 April 2007 (unaudited) £'000	Year ended 31 October 2007 (audited) £'000
Profit before tax	**28,478**	24,225	103,618
Gain on the revaluation of investment properties	**(18,199)**	(17,315)	(81,264)
Depreciation	**64**	55	123
Finance income	**(1,153)**	(684)	(1,381)
Finance expense	**11,938**	10,347	20,387
Employee share options	**-**	-	18
Increase in inventories	**(1)**	(4)	(80)
Increase in receivables	**(2,428)**	(3,248)	(2,085)
Increase in payables	**3,667**	4,751	735
Decrease in provisions	**(21)**	(5)	(50)
Decrease in pension scheme liabilities	**-**	(321)	(247)
Cash generated from operations	**22,345**	17,801	39,774
Interest paid	**(14,222)**	(10,207)	(18,867)
Interest received	**1,418**	589	1,158
Tax paid/received	**(16)**	(22)	496
Cash flows from operating activities	**9,525**	8,161	22,561
Investing activities			
Expenditure on investment and development properties	**(26,807)**	(19,342)	(45,495)
Purchase of property, plant and equipment	**(57)**	(109)	(198)
Proceeds from sale of property, plant and equipment	**-**	-	6
Purchase/sale of available for sale financial assets	**(276)**	(2,812)	8,397
Cash flows from investing activities	**(27,140)**	(22,263)	(37,290)
Financing activities			
Issue of share capital	**-**	29,736	29,243
Equity dividends paid	**(5,624)**	-	(2,806)
Net proceeds from issue of new borrowings	**21,544**	9,146	9,146
Finance lease principal payments	**(1,988)**	(2,559)	(5,802)
Repayment of borrowings	**(6,000)**	(9,276)	(5,478)
Cash flows from financing activities	**7,932**	27,047	24,303
Net (decrease)/increase in cash and cash equivalents	**(9,683)**	12,945	9,574
Opening cash and cash equivalents	**18,583**	9,009	9,009
Closing cash and cash equivalents	**8,900**	21,954	18,583

Reconciliation of net cash flow to movement in net debt

for the six months ended 30 April 2008

	Six months ended 30 April 2008 (unaudited) £'000	Six months ended 30 April 2007 (unaudited) £'000	Year ended 31 October 2007 (audited) £'000
Net (decrease)/increase in cash and cash equivalents in the period/year	**(9,683)**	12,945	9,574
Cash outflow from increase in debt financing	**(19,458)**	(5,950)	(18,454)
Movement in net debt in the period/year	**(29,141)**	6,995	(8,880)
Net debt at start of period/year	**(289,536)**	(280,656)	(280,656)
Net debt at end of period/year	**(318,677)**	(273,661)	(289,536)

Notes to the interim report
for the six months ended 30 April 2008

1 General information

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

The company has its primary listing on the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 24 June 2008.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. The full accounts of Safestore Holdings plc for the year ended 31 October 2007, which received an unqualified report from the auditors, and did not contain a statement under S.237(2) or (3) of the Companies Act 1985, have been filed with the Registrar of Companies on 31 March 2008.

The condensed consolidated interim financial information has been reviewed, not audited.

2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 April 2008 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 October 2007, which have been prepared in accordance with IFRS as adopted by the European Union.

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 2008 applicable to companies under IFRS. The IFRS and IFRIC interpretations as adopted by the European Union that will be applicable at 31 October 2008, 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 23 June 2008 and publication of the annual IFRS financial statements for the year ending 31 October 2008.

Except as described below, the accounting policies applied are consistent with those in the annual financial statements for the year ended 31 October 2007, as described in those financial statements.

IAS 23 (amendment), 'Borrowing costs', has been adopted within this interim financial information. The effect of this is that £530,000 of interest has been capitalised in development properties during the period (year ended 31 October 2007; £nil).

IFRIC 14 'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'. This has no effect on the half year accounts as the defined benefit pension scheme surplus was unrecognised under alternative provisions already within IAS 19.

The tax charge for the period ended 30 April 2007 has been restated to be consistent with the treatment adopted for the full year in relation to the change in Corporation Tax rates applicable to deferred tax. The impact of this is to increase the tax expense and reduce profit after tax by £3.1m compared to the amounts previously reported with a corresponding credit recognised directly in equity. The restated basic and diluted EPS are 11.39p compared to 10.73p as previously reported.

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

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the 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 2007.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 November 2007, but are not currently relevant for the group.

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions'.
- IFRIC 12, 'Service concession arrangements'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 November 2007 and have not been early adopted.

- IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail, but it appears likely that the number of reported segments may increase.
- IFRS 2 (amendment), 'Share-based payment', effective for annual periods beginning on or after 1 January 2009. Management is assessing the impact of changes to vesting

Notes to the interim report

for the six months ended 30 April 2008 (continued)

conditions and cancellations on the group's SAYE schemes.

- IFRS 3 (amendment), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the group. The group does not have any joint ventures.
- IAS 1 (amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. Management is in the process of developing proforma accounts under the revised disclosure requirements of this standard.
- IAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to IAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. This is not currently relevant to the group, as the group does not have any puttable instruments.
- IFRIC 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008. This is not relevant to the Group.

4 Segmental information

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

Revenue by geographical segment	**Six months ended 30 April 2008 £'000**	Six months ended 30 April 2007 £'000	Year ended 31 October 2007 £'000
United Kingdom	**32,140**	28,552	61,440
France	**7,846**	6,056	12,863
	39,986	34,608	74,303
Operating profit by geographical segment			
United Kingdom	**36,315**	31,184	108,430
France	**2,948**	2,704	14,194
	39,263	33,888	122,624

Notes to the interim report
for the six months ended 30 April 2008 (continued)

5 Finance expense

	Six months ended 30 April 2008 **£'000**	Six months ended 30 April 2007 £'000	Year ended 31 October 2007 £'000
Interest payable on bank loans and overdrafts	**(8,327)**	(7,756)	(16,235)
Amortisation of debt issue costs on bank loan	**(390)**	(330)	(660)
Interest payable on other loans	**-**	(126)	(176)
Interest on finance lease obligations	**(3,221)**	(2,135)	(3,316)
Finance costs	**(11,938)**	(10,347)	(20,387)

6 Income tax expense

	Six months ended 30 April 2008 **£'000**	Six months ended 30 April 2007 (Restated) £'000	Year ended 31 October 2007 £'000
Current tax – UK corporation tax at 28% (2007: 30%)	**(11)**	523	492
Deferred tax	**(7,945)**	(4,656)	(25,925)
	(7,956)	(4,133)	(25,433)

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 October 2008 is 28%; the estimated tax rate used for the six months ended 30 April 2007 was 30%.

The tax charge in the prior year includes a non-recurring credit of £3.4 million at both 30 April 2007 and 31 October 2007, in respect of the change in tax rate.

Deferred tax assets/liabilities have been calculated using an effective rate of 28% (2007: 28%) which is the rate expected to be applied for the 2007/08 full year.

Notes to the interim report
for the six months ended 30 April 2008 (continued)

7 Deferred income tax

	As at 30 April 2008 £'000	As at 30 April 2007 £'000	As at 31 October 2007 £'000
The amounts provided in the accounts are:			
Revaluation of investment properties and tax depreciation	**128,070**	101,508	121,357
Other timing differences	**2,837**	-	1,947
Interest rate swap instrument	**295**	945	745
	131,202	102,453	124,049
Tax losses	**(8,371)**	(8,028)	(8,407)
	122,831	94,425	115,642

Deferred tax assets/liabilities have been calculated using an effective rate of 28% (2007: 28%) which is the rate expected to be applied for the 2007/08 full year.

8 Dividends

An interim dividend of 1.65 pence per ordinary share (30 April 2007: 1.50 pence) has been declared. The ex-dividend date will be 2 July 2008 and the record date 4 July 2008, with an intended payment date of 6 August 2008. The interim dividend, amounting to £3.1m, has not been included as a liability at 30 April 2008. It will be recognised in shareholders' equity in the year to 31 October 2008.

9 Exceptional items

Exceptional costs for the period ended 30 April 2007 of £2.4 million include £2.0 million of professional fees as part of the IPO process which concluded in March 2007. The exceptional credit of £0.8 million for the year ended 31 October 2007 comprises the release of an IFRS 2 charge of £3.2 million, IPO related costs of £2.1 million and pension restructuring charges of £0.3 million.

Notes to the interim report

for the six months ended 30 April 2008 (continued)

10 Earnings per ordinary share

	Six months ended 30 April 2008			Six months ended 30 April 2007 (restated)			Year ended 31 October 2007		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic and Diluted	**20.52**	**187.28**	**10.96**	20.09	176.37	11.39	78.19	181.77	43.02
Adjustments:									
Gain on investment properties	**(18.20)**	**-**	**(9.72)**	(17.31)	-	(9.81)	(81.26)	-	(44.71)
Exceptional items	**-**	**-**	**-**	2.36	-	1.33	(0.76)	-	(0.41)
Tax rate change	**-**	**-**	**-**	(3.42)	-	(1.94)	(3.42)	-	(1.89)
Tax on adjustments	**5.16**	**-**	**2.76**	4.85	-	2.75	21.94	-	12.07
Adjusted	**7.48**	**187.28**	**4.00**	6.57	176.37	3.72	14.69	181.77	8.08

Earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

Adjusted earnings per share

Adjusted earnings per share represents profit after tax adjusted for the gain on investment properties, exceptional items and the associated tax on these adjustments and excludes the £3.4m tax credit arising on the change in tax rate from 30% to 28%.

Gain on investment properties is shown net of revaluations on leasehold properties of £1.99m (2007: 2.14m) and the related tax thereon of £0.56m (2007: £0.64m). EPRA earnings of £6.05m (2007: £5.07m) and EPRA earnings per share of 3.24p (2007: 2.87p) are calculated after further adjusting for these items.

11 Property portfolio

Investment properties, development properties and interest in leasehold properties

	Investment properties £'000	**Interest in leasehold properties £'000**	**Total Investment properties £'000**	**Development properties £'000**
At 1 November 2007	**582,738**	64,393	647,131	31,867
Additions	**18,819**	6,187	25,006	5,745
Reclassifications	**13,669**	-	13,669	(13,669)
Revaluation	**20,187**	(1,988)	18,199	-
Capitalised interest	**-**	-	-	530
Exchange movements	**8,308**	-	8,308	589
At 30 April 2008	**643,721**	68,592	712,313	25,062

Notes to the interim report
for the six months ended 30 April 2008 (continued)

12 Valuations

	Deemed cost £'000	Valuation £'000	Revaluation on deemed cost £'000
Freehold stores			
As at 1 November 2007	**212,160**	449,557	237,397
Movement in period	**31,048**	51,123	20,075
As at 30 April 2008	**243,208**	500,680	257,472
Leasehold stores			
As at 1 November 2007	**56,776**	133,181	76,405
Movement in period	**9,748**	9,860	112
As at 30 April 2008	**66,524**	143,041	76,517
All stores			
As at 1 November 2007	**268,936**	582,738	313,802
Movement in period	**40,796**	60,983	20,187
As at 30 April 2008	**309,732**	643,721	333,989

The freehold and leasehold investment properties have been valued as at 30 April 2008 by external valuers, Cushman & Wakefield LLP, Real Estate Consultants ("C&W"). The valuation has been carried out in accordance with the RICS Appraisal and Valuation Standards published by The Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each of the investment properties has been prepared on the basis of Market Value as a fully equipped operational entity, having regard to trading potential. The valuation has been provided for accounts purposes and as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, C&W have confirmed that:

- The members of the RICS who have been the signatories to the valuations provided to the Company for the same purposes as this valuation have been so since October 2004.
- C&W have continuously been carrying out this valuation for the same purposes as this valuation on behalf of the Company since October 2004.
- C&W do not provide other significant professional or agency services to the Company.
- In relation to the preceding financial year of C&W, the proportion of the total fees payable by the Company to the total fee income of the firm is less than 5%.

Valuation method and assumptions

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

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

Freehold (UK and France)

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

Leasehold (UK)

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

Leasehold (France)

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

Notes to the interim report
for the six months ended 30 April 2008 (continued)

13 Net assets per share

Analysis of net asset value	As at 30 April 2008 £'000	As at 30 April 2007 £'000	As at 31 October 2007 £'000
Net asset value	**271,352**	192,970	247,943
Adjustments:			
Deferred tax on revaluation	**130,907**	101,508	124,049
Adjusted net asset value	**402,259**	294,478	371,992
Basic and diluted net assets per share (pence)	**144.7**	103.1	132.5
Adjusted net assets per share (pence)	**214.6**	157.4	198.8
Basic and diluted shares used for calculation	**187,471,348**	187,083,333	187,083,333

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

Adjusted net assets per share excludes deferred tax on the revaluation uplift on freehold and leasehold properties. The EPRA net asset value, which further excludes fair value adjustments for debt and related derivatives, was £401.5 million (2007: £292.1 million) giving EPRA net assets per share of 214.2 pence (2007: 156.2 pence).

14 Share premium and reserves

	Share premium account £'000	Reserves £'000	Total £'000
At 1 November 2007	**28,410**	217,662	246,072
Profit for the period	**-**	20,522	20,522
Dividends	**-**	(5,624)	(5,624)
Share issue costs	**(61)**	-	(61)
Long term incentive plan share awards	**-**	1,533	1,533
Own shares	**-**	(974)	(974)
Change in value of interest rate swap	**-**	(1,825)	(1,825)
Deferred tax on interest rate swap movement	**-**	511	511
Exchange difference on translation of foreign operations	**-**	9,317	9,317
At 30 April 2008	**28,349**	**241,122**	**269,471**

Notes to the interim report
for the six months ended 30 April 2008 (continued)

15 Share capital

	As at 30 April 2008 £'000	As at 31 October 2007 £'000
Authorised		
300,000,000 (2007: 300,000,000) ordinary shares of 1p each	3,000	3,000
Called up, issued and fully paid		
188,135,088 (2007: 187,083,333) ordinary shares of 1p each	1,881	1,871

During the period, the company issued 1,051,755 ordinary shares relating to awards under the Long Term Incentive Plan. The shares were issued at par and had a market value of £1.467 per share at the date of award. The shares awarded comprised 388,015 bonus shares, and 663,740 matching shares which will vest only when future performance conditions are met. The matching shares, which are held by the Safestore Employee Benefit Trust, had a market value of 145.5 pence per share giving a total value of £0.97 million at 30 April 2008.

16 Consolidated statement of changes in equity

	Six months ended 30 April 2008 £'000	Year ended 31 October 2007 £'000
Opening total shareholders' funds	**247,943**	136,518
Profit for the period	**20,522**	78,185
Dividends	**(5,624)**	(2,806)
Issue of shares/(share issue costs)	**(61)**	29,243
Long term incentive plan share awards	**1,543**	18
Own shares	**(974)**	-
Exchange differences on translation of foreign operations	**9,317**	1,120
Cash flow hedge; net fair value gains net of tax	**(1,314)**	1,916
Impact of change of UK tax rate on deferred tax	**-**	3,157
Movement on deferred tax relating to pension deficit	**-**	(74)
Redesignation of preferred share capital	**-**	666
Closing total shareholders' funds	**271,352**	247,943

Notes to the interim report
for the six months ended 30 April 2008 (continued)

17 Contingent liabilities

As part of the Group banking, the company has guaranteed the borrowings totalling £261.7 million (2007: £237.0 million) of fellow Group undertakings by way of a charge over all of its property and assets. There are similar cross guarantees provided by the Group companies in respect of any bank borrowings which the company may draw under a Group facility agreement. The financial liability associated with this guarantee is considered remote and therefore no provision has been recorded.

18 Related party transactions

The group's shares are widely held, with funds managed by Bridgepoint Capital (nominees) Limited being the majority shareholder, with a holding of 35% at 30 April 2008. The ultimate parent company of the group is Safestore Holdings plc.

During the period, the following transactions were carried out with related parties:

Bridgepoint Capital	**Six months ended 30 April 2008 £'000**	Six months ended 30 April 2007 £'000	Year ended 31 October 2007 £'000
Bridgepoint – Director fees	**13**	448	461

The following amounts are outstanding, owing to Bridgepoint Capital Limited:

	Six months ended 30 April 2008 £'000	Six months ended 30 April 2007 £'000	Year ended 31 October 2007 £'000
Trade payables	**2**	2	2

19 Capital commitments

The Group had capital commitments of £18.3 million as at 30 April 2008 (2007: £15.2 million).

20 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 30 April 2007, the level of self storage revenues represented 46.6% of the annual level of self storage revenue in the year ended 31 October 2007.

Statement of directors' responsibilities

for the six months ended 30 April 2008

The directors' confirm that 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 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months 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 2007, with the exception of the following change in the period: Mr J A von Spreckelsen resigned on 27 March 2008.

By order of the Board

Steve Williams

24 June 2008

Chief Executive Officer

Richard Hodsden

24 June 2008

Chief Financial Officer

Independent review report to Safestore Holdings plc

Introduction

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 2008, which comprises the consolidated income statement, consolidated balance sheet, consolidated statement of recognised income and expense, consolidated cash flow statement and related notes.
We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

As disclosed in note 3, 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.
This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 enquiries, 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 Ireland) 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 2008 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 Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham

24 June 2008

Notes:

a) The maintenance and integrity of the Safestore Holdings plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Guildford

Newcastle Wallsend

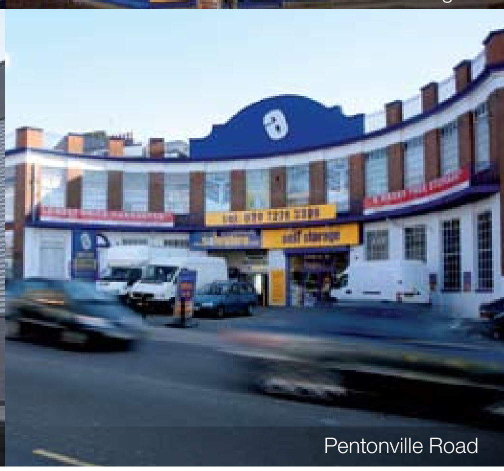
Slough

Hanworth

Rutherglen


Staples Corner

Hayes


Pentonville Road


Sunderland

109 Stores, 13 Expansion Sites

More stores in London than any other operator

National Coverage in the UK

Market Leader in Inner City Paris

Current stores

Business centres

Expansion stores

Safestore Holdings plc

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