15 June 2017

Safestore Holdings plc
(“Safestore”, “the Company” or “the Group”)

Interim results for the 6 months ended 30 April 2017

A good half year, significant refinancing completed

Key measures

	6 months ended 30 April 2017	6 months ended 30 April 2016	Change	Change-CER[1]
Underlying and Operating Metrics- like-for-like[2]				
Revenue	£57.4m	£53.6m	7.1%	3.7%
Underlying EBITDA[3]	£31.5m	£28.9m	9.0%	4.8%
Closing Occupancy (let sq ft- million)[4]	3.52	3.47	1.4%	n/a
Closing Occupancy (% of MLA)[5]	71.9%	70.8%	+1.1ppts	n/a
Average Occupancy (let sq ft- million)[4]	3.51	3.45	1.7%	n/a
Average Storage Rate	£27.51	£26.06	5.6%	1.9%
Underlying and Operating Metrics- total				
Revenue	£62.6m	£54.1m	15.7%	12.4%
Underlying EBITDA[3]	£34.2m	£29.3m	16.7%	12.3%
Closing Occupancy (let sq ft- million)[4]	3.94	3.49	12.9%	n/a
Closing Occupancy (% of MLA)[5]	69.8%	70.9%	(1.1ppts)	n/a
Average Storage Rate	£26.85	£26.02	3.2%	(0.2%)
Cash Tax Adjusted Earnings per Share[6]	10.4p	9.0p	15.6%	11.1%
Free Cash flow[7]	£23.2m	£19.7m	17.8%	n/a
EPRA Basic NAV per Share	£3.14	£2.78	12.9%	n/a
Statutory Metrics				
Profit before tax	£55.0m	£49.1m	12.0%	n/a
Basic Earnings per Share	28.1p	22.0p	27.7%	n/a
Dividend per Share	4.2p	3.6p	16.7%	n/a

Highlights

Good Financial Performance

- Group Revenue up 15.7% (12.4% at CER[1])
- Group like-for-like[2] revenue at CER[1] up 3.7% with UK up 3.9% and Paris up 2.9%
- Cash Tax Adjusted Earnings per Share up 15.6% at 10.4p
- 16.7% increase in the interim dividend to 4.2p (2016: 3.6p)

Operational Focus

- Space Maker acquisition fully integrated and performing in line with expectations
- All five recently opened stores trading well
- New consumer website in Paris business, following the UK’s success
- New site acquired at Combs-la-Ville in Paris opened in June 2017
- Mitcham site acquired in December 2016 and subject to planning, scheduled to open in FY18

Strong and Flexible Balance Sheet

- Group loan-to-value ratio (“LTV”[8]) at 30%, interest cover ratio (“ICR”[9]) at 5.5x
- Refinancing completed on 31 May 2017 reducing effective interest rate to c.2.3% from 3.5% and extending the weighted average maturity of debt from 3.4 years to 7.5 years

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

"Safestore has performed well in the first half of the year and continues to build on the strong earnings and dividend growth achieved over the last four years. Notwithstanding the uncertain macro-economic backdrop, the Group continues to generate a record number of enquiries across its entire platform. In addition to solid growth in our existing business, our recently acquired Space Maker business and the five new stores opened during the last twelve months are trading well. I am delighted to announce the addition of another site in Paris, at Combs-la-Ville, which opened earlier this month.

"As we enter our peak trading period, we continue to see good levels of interest in self-storage in the UK and increasing momentum in Paris. We are well placed to meet this demand with our 1.7m square feet of currently unlet, fully invested space.

"I am delighted with our recent refinancing which further reduces our ongoing finance costs, increases our debt maturity and improves our balance sheet capacity and flexibility, allowing us to continue to seek selected development and acquisition opportunities. The company is in a strong position and remains on-course to meet the board's full year expectations."

Notes

1 – 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).

2 – Like-for-like adjustments have been made to remove the 2016 openings of Wandsworth, Altrincham, Birmingham (including closure of our existing Birmingham store) and Emerainville, as well as Chiswick in the current financial year. In addition, the impact of the acquisition of Space Maker on 29 July 2016 has been adjusted.

3 – Underlying EBITDA is defined as operating profit before exceptional items, 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 2017, closing occupancy includes 36,750 sq ft of bulk tenancy (30 April 2016: 37,750 sq ft).

5 – MLA is Maximum Lettable Area. Group MLA at 30 April 2017 is 5.64m sq ft (30 April 2016: 4.93m sq ft).

6 – Cash tax adjusted earnings per share (EPS) is defined as profit or loss for the year before exceptional items, corporate transaction costs, change in fair value of derivatives, gain/loss on investment properties and the associated tax impacts as well as exceptional tax items and deferred tax charges, divided by the weighted average number of shares in issue (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 – 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).

9 – ICR is interest cover ratio, and is calculated as the ratio of underlying EBITDA after leasehold rent to underlying finance charges.

10 – Adjusted for the impact of cross currency swap agreements.

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

Summary

Safestore has delivered a good financial performance in the first half of the year through a combination of solid organic growth, the acquisition of Space Maker and the opening of five new stores over the last twelve months. Reported Group revenue increased 12.4% at CER[1] and like-for-like[2] revenue increased by 3.7%. The Group's like-for-like average occupancy increased by 1.1 percentage points ("ppts") to 71.9% with the average storage rate up 1.9% at CER[1].

Our operational performance across the UK has been robust in the half-year resulting in a 3.9% increase in like-for-like revenue. Our new consumer website, which was successfully launched at the end of 2015, is performing consistently, resulting in continued good enquiry growth. In the UK like-for-like occupancy increased 0.9ppts to 69.5%, driven by a strong performance in regional UK.

The Space Maker portfolio, acquired in July 2016, is now fully integrated into the Group and performing in line with our expectations. In addition, the four new UK stores in London-Chiswick, London-Wandsworth, Birmingham and Altrincham are performing well against our expectations.

In Paris, our recently launched consumer website, building on the success of the UK site, is now fully operational. Our trading performance has been robust with like-for-like revenue growing by 2.9%. Our balanced approach to revenue management resulted in rate growth of 2.7% and average occupancy growth of 1.3% on a like-for-like basis. Like-for-like closing occupancy ended the period up 1.5ppts at 80.9% (2016: 79.4%). We are now in the nineteenth consecutive year of revenue growth in Paris. Our new store at Emerainville to the east of Paris opened on time and on budget in September 2016 and is trading in line with expectations and our Longpont extension, adding 22,600 sq ft to the store, was completed in January 2017. We opened our recently acquired new store, announced today, at Combs-la-Ville in Paris, earlier this month.

Group underlying EBITDA of £34.2m increased 12.3% at CER[1] on the prior year and 16.7% on a reported basis reflecting the impact of the strengthening Euro on the profit earned on our Paris business. The Group's strong EBITDA performance is reflected in a 15.6% increase in cash tax adjusted EPS[6] in the period to 10.4p (2016: 9.0p).

Our property portfolio valuation, including investment properties under construction, has increased by 4.5% on a constant currency basis since 31 October 2016. After exchange rate movements the portfolio valuation increased by 2.7% to £980.3m with the UK portfolio up £27.6m, to £738.2m and the French portfolio increased €16.9m to €287.8m.

Reflecting the Group's good trading performance, the Board is pleased to recommend a 16.7% increase in the interim dividend to 4.2p per share (2016: 3.6p).

Outlook

Safestore has a strong market presence in both the UK and Paris. Trading in our newly opened stores and in the recently acquired Space Maker business is encouraging. With 1.7m square feet of unlet space available at 30 April 2017 (the equivalent of 40+ stores), we have significant, low-cost growth potential ahead.

We remain focused on the continuous improvement of the operational performance of the business and leveraging our leading market positions to full effect. Our recent refinancing further improves our balance sheet flexibility and, combined with strong cash generation, 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. We continue to build our new store pipeline with our acquisition of a development site in Mitcham, South West London in December 2016 and a site in Combs-la-Ville, south of Paris in April 2017.

Self-storage continues to be a relatively immature industry, with significant potential for further market growth. We continue to see good levels of interest in self-storage and believe that we are well placed to trade through current future macro-economic uncertainty given our resilient business model, scale and marketing expertise combined with our improved operational capability, geographical diversity and strong balance sheet.

For further information, please contact:

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A presentation for analysts will be held at 9.30am today at:

Investec, 2 Gresham St, London EC2V 7QP

For dial-in details of the presentation please contact:

Gemma Mountford (gemma.mountford@instinctif.com or telephone on 020 7457 2020).

Notes to Editors

- Safestore is the UK's largest self-storage group with 134 stores, comprising 109 wholly owned stores in the UK (including 63 in London and the South East with the remainder in key metropolitan areas such as Manchester, Birmingham, Glasgow, Edinburgh, Liverpool and Bristol) and 25 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.

- 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 55,000 personal and business customers.

- Safestore has a maximum lettable area ("MLA") of 5.64 million sq ft. At 30 April 2017, 3.94 million sq ft was occupied.

- Safestore employs around 600 people in the UK and France.

Our Strategy

The Group's strategy remains the same as stated in our last annual report. 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

With the opening of five new stores and the acquisition of Space Maker over the last twelve months, we have strengthened our market leading portfolio in the UK and Paris. We have a high quality, fully invested estate in both the UK and Paris. Of our 134 stores, 88 are in London and the South East of England or in Paris with 46 in the other major UK cities. We now operate 44 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 acquisition our MLA has increased by 14.4% to 5.64m sq ft at 30 April 2017. At the current occupancy level of 69.8% we have 1.70m sq ft of unoccupied space, of which 1.46m sq ft is in our UK stores and 0.24m sq ft in Paris. This is the equivalent of over 40 empty 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 remains relatively low with 58% of the UK population either knowing very little or nothing about self-storage (source 2017 SSA Annual Report).

In the UK around 75% of our new customers are using self-storage for the first time. It is essentially a brand-blind product with only 12% of respondents in the 2017 Self Storage Association Annual Survey stating that a brand would influence their purchase decision. Typically customers requiring storage start their journey by conducting online research using generic keywords in their locality.

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, combined with the employment of carefully selected external partners, has resulted in the development of a leading digital marketing platform that has generated 37% enquiry growth over the last four years. In that period, enquiries originating from internet searches have increased by 42%.

The Group has recently launched a new trading website for the Paris business, building on the success of the new UK site. Online enquiries now represent 82% of our enquiries in the UK (2016: 80%) and 73% in France (2016: 62%). 56% of our online enquiries in the UK originate from mobiles or tablets, compared to 52% last year. The ranking in the search pages is a result of a complex function that combines (i) the budget invested directly into the paid search and the capacity to allocate it efficiently on a real time basis, with (ii) the budget invested indirectly into the numerous actions that optimise the website, which, together with its size and traffic, determines its relevance and quality score for the search engines. Our in-house expertise and skills and significant annual budget enable us to achieve the above results. Approximately 95% of our marketing budget in the UK is spent on digital marketing.

A key objective of our marketing team has been to improve the volume of digital enquiries generated by the business and we will continue to invest in activities that promote a strong search engine presence. In addition to driving volume, we have managed to reduce the cost per enquiry continuously over the past few years.

Feefo, the independent merchant review system, which allows 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 above 96%.

Motivated and effective store teams benefiting from improved training and coaching

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.

Over the last three years we have established an enthusiastic, dynamic and effective store team. The employees of Space Maker, which was acquired during last year, are now fully integrated into the Safestore training and incentive framework and the twelve stores have each been geographically integrated into one of our eleven regions. Two new Divisional Managers, reporting to our Director of Operations, have been internally recruited to further support our experienced team of Regional Managers.

In the last twelve months we have invested further resources to better manage our building maintenance and facilities management programme. By way of example, the efficiencies and progress made in this area have allowed us to start our LED lighting roll-out earlier than expected.

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. All new recruits receive individual performance targets within four weeks of joining the business and certain new recruits are placed on the ‘pay-for-skills’ programme which allows accelerated basic pay increases dependent on success in demonstrating specific and defined skills. A key target of our programme is to ensure that close to 100% of our store managers are promoted internally and our Management Development programme was launched in November 2016 with 15% of our sales consultants participating. The first 16 candidates are due to graduate from the programme in November 2017 and the second intake commenced their programme on 31 May 2017.

All store staff continue to benefit from on-going training and development. In 2016, we delivered 27,500 hours of training to sales staff 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 and compliance training, ensuring that our staff are up to date in relation to their technical knowledge in these areas. These modules are continually updated to target the areas of most opportunity and maintain colleague engagement. Cyber security continues to be an increasing global threat. Safestore’s online training modules relating to a new security policy were completed by all Safestore employees in the first half of 2017 and will continue to be updated in the light of any enhanced threats.

Over the last two years we have developed a customised coaching programme for Store Managers. The training is delivered by Regional Managers and is focused on continual improvement in sales performance. Along with an enhanced selling skills module we have devised and launched a refresher programme that is currently being rolled out to all our store colleagues. This programme is being delivered by our training store managers regionally to ensure an efficient and cost effective delivery.

The performance of all team members is monitored closely via a series of daily, weekly and monthly Key Performance Indicators. A new dashboard was introduced in the last year which has enabled increased focus at store and regional level on the key operating metrics of the business. Bonuses of up to 50% of basic salary can be earned monthly based on performance against 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.

The benefit of these initiatives is reflected in an improved performance by the stores in converting enquiries into new lets. Conversion of enquiries is now consistently strong and has improved by c.19% since 2013. Our customers are at the forefront of everything we do and our twelve month rolling Feefo customer service score of 96% reflects our ongoing commitment to their satisfaction.

As an “Investors in People” organisation since 2003 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.

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 three years is linked to store team variable incentives and is monitored closely by the central pricing team.

Our strategy to optimise revenue is implemented by continually reviewing the appropriate mix of occupancy and rate growth targets, store by store. The work of the central pricing team has contributed to like-for-like average rate increases of 1.7% in the UK and 2.7% in Paris over the period, while maintaining an average occupancy that was 1.9% up in the UK and 1.3% up in Paris over the previous year on a like-for-like basis.

Rate growth is 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

On 31 May 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. Since 2014 we have refinanced the business on three occasions and believe we now have an optimised 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.

The key terms of the new and amended arrangements are as follows:

US Private Placement Notes

- The previous $65.6m 5.83%[10] 2019 USPP and $47.3m 6.74%[10] 2024 USPP were repaid in full;
- New Euro and Sterling denominated USPP notes were issued with the following tenor and coupons:
    - €50.9m 7 year notes at a coupon of 1.59%;
    - €74.1m 10 year notes at a coupon of 2.00%; and
    - £50.5m 12 year notes at a coupon of 2.92%.

Amendment and Extension of Bank Facilities

- The previous UK and Euro revolving credit facilities were extended by two years from June 2020 to June 2022 with an option (on an uncommitted basis) to extend for a further year with the previous £126m term loan cancelled.
- The amended facilities comprise:
    - a £190m revolving credit facility of which £117m is drawn; and
    - a €70m revolving facility of which €46m is drawn.
- The margin on the amended facilities was reduced by 25 bps from 150 bps to 125 bps.
- Similarly, the non-utilisation fee on the undrawn facilities reduced from 0.6% to 0.5%.
- The Group also has the option (on an uncommitted basis) to increase the quantum of the sterling revolving credit facility by £60m.

The Group has paid a 'make-whole' payment to existing USPP noteholders of £12.4m and broke the Sterling/Dollar cross-currency swap relating to the existing USPP notes, leading to the Group receiving £13.9m, being the mark to market value of the swap which was in the Group's favour and which was carried at that value at the date of breakage. Exceptional finance charges to be reported by the Group in respect of the refinancing in the second half of the year are estimated to be c.£16m, comprising the £12.4m 'make-

whole' payment, with the balance relating to fees and the write off of previous unamortised issue costs. The refinancing was broadly cash flow neutral.

The USPP was issued to insurance company affiliates of AIG, Inc. and the bank facilities are provided by a syndicate of RBS, HSBC, Lloyds, Santander and BRED.

Based on the current level of borrowings and interest swap rates the Group's pro forma annual underlying finance charge will, over a full year, reduce by c.£3m per annum and the Group's overall ongoing average cost of debt, including the USPP, has reduced by c.120 bps. The weighted average maturity of the Group's debt has increased from 3.4 years to 7.5 years. On a pro forma basis, the Group's LTV ratio under the new financing arrangements would have been 32% as at 30 April 2017.

The LTV of 32% and pro forma interest cover ratio of c.7.5x under our new financing arrangements provide us with significant headroom compared to our banking covenants. We have £153m (including the £60m uncommitted accordion facility) of available bank facilities.

Taking into account the improvements we have made in the performance of the business and the reduction in pro forma interest costs of over £10m per annum over the last three and a half 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

As ever, our approach to store development and acquisitions in the UK and Paris will continue to be pragmatic, flexible and focused on the return on capital.

Our property teams in both the UK and Paris have been strengthened in the last twelve months and are continually seeking 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.

In the last twelve months, the Group opened five new stores in Chiswick and Wandsworth in London, Birmingham, Altrincham and Emerainville in Paris as well as completing the extension and refurbishment of our Acton and Longpont (Paris) stores. All of these stores are performing at or above their business plans.

In December 2016, we acquired the freehold of a site in Mitcham, in South West London. Subject to planning permission, we plan to build a c.54,000 sq ft store on this site, scheduled to open in the first half of the 2018 financial year.

In Paris, where regulatory barriers are likely to continue to restrict 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 April 2017 we completed the acquisition of a freehold site in south-eastern Paris adjacent to the M104 motorway at Combs-la-Ville. The site contains an existing 100,000 sq ft warehouse and c.10,000 sq ft of serviced offices. The building was constructed in 2001 and is in good condition requiring a relatively simple reconfiguration for self-storage usage. The cost to buy and convert the site was less than €6m and the store opened for business earlier this month.

The Altrincham, Emerainville and Combs-la-Ville stores demonstrate that, with a skilled property development team and a flexible development model, it is possible to convert existing buildings into storage facilities in an expeditious and cost effective manner. In all cases, the time between exchanging contracts and opening the stores was less than twelve months, with Combs-la-Ville opening within three months.

At the end of July 2016 we completed of the acquisition of Space Maker for a total consideration of £42.3m.

Space Maker was the ninth largest self-storage portfolio in the UK with twelve stores, located in Bournemouth (two stores), Colchester, Redhill, Romford, Brentford, Chelmsford, Exeter, Leeds, Plymouth, Portsmouth and Poole, and has a fully invested built out lettable area of c.496,000 sq ft. Six of the Space Maker stores are freehold or long leasehold and six are leasehold stores with an average remaining lease length of 15.4 years at 30 April 2017.

The Space Maker stores have now been rebranded and fully integrated into the Group and trading performance is in line with our expectations.

Portfolio Summary

The self-storage market has been growing consistently in the last 15 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 72% 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.240 storage centres within the M25 as compared to only c.87 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 69 stores, contribute £38.4m of revenue and £26.3m 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	63	46	109	25	134
Let Square Feet (m sq ft)	1.72	1.39	3.11	0.83	3.94
Maximum Lettable Area (m sq ft)	2.45	2.12	4.57	1.07	5.64
Average Let Square Feet per store (k sq ft)	27	30	29	33	29
Average Store Capacity (k sq ft)	39	46	42	43	42
Closing Occupancy %	70.4 %	65.5%	68.1%	77.3%	69.8%
Average Rate (£ per sq ft)	29.30	18.87	24.75	34.75	26.85
Revenue (£'m)	31.2	16.1	47.3	15.3	62.6
Average Revenue per Store (£'m)	0.50	0.35	0.43	0.61	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 109 stores in the UK, 63 of which are in London and the South East, and 25 stores in Paris.

In the UK, 66% 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 44 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. 72% 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 2017 London, the South-East and Paris represent 66% of our owned stores, 74% of our revenues, as well as 57% 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 2017) confirmed that self-storage capacity stands at 0.64 square feet per head of population in the UK and 0.15 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 compared with 7.8 square feet per inhabitant in the USA and 1.8 square feet in Australia.

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).

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

Respondents to the survey indicated aspirations to develop an average of 49 stores per annum from 2017 to 2019. Typically, actual developments have averaged less than 50% of respondents’ aspirations although the 25 new openings in 2016 were closer than usual to the previous year’s aspirations. This recent history suggests that c.25 to 40 new stores are likely to be added in the coming year.

The supply in the UK market, according to the SSA survey, remains relatively fragmented. Safestore is the leader by number of stores with 109 wholly owned sites, followed by Big Yellow with 73 wholly owned stores, Access with 57 stores, Shurgard with 26 stores, Lok’n Store with 25 stores and Storage King with 25 stores. In aggregate, the top ten leading operators account for 27% of the UK store portfolio. The remaining c.1,000 self-storage outlets (including 317 container based operations) are independently owned in small chains or single units. In total there are 693 storage businesses operating in the UK.

Our 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 low, providing an opportunity for future industry growth. The SSA survey indicated that 58% (58% in 2016) 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. 62% 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 71% of those surveyed (68% in 2016) 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.28% in 2016).

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.

Our domestic customers' need for storage is often driven by lifestyle 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. The SSA survey confirmed that only 28% of domestic self-storage customers stored for reasons related to a property move and this would include people renting accommodation.

Our 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)	72%	82%
Square feet occupied (% of total)	52%	66%
Average Length of Stay (months)	21.0	27.1
Business Customers		
Numbers (% of total)	28%	18%
Square feet occupied (% of total)	48%	34%
Average Length of Stay (months)	30.7	31.5

Safestore's customer base is resilient and diverse and consists of around 55,000 domestic, business and National Accounts customers across London, Paris and the UK regions.

Business Model

Safestore's business model remains unchanged in the last year.

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.

Our capital-efficient portfolio of 134 wholly owned stores in the UK and Paris consists of a mix of freehold and leasehold stores. In order to grow our business and secure the best locations for our facilities we have maintained a flexible approach to leasehold and freehold developments.

Currently, one-third of our stores in the UK are leaseholds with an average remaining lease length at 30 April 2017 of 13.2 years (FY2016: 13.7 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 44% 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.

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 82% of our enquiries in the UK and 73% in France. Telephone enquiries comprise 11% of the total (18% in France) and ‘walk-ins’ amount to only 7% (9% in France). This key change 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 54% enquiry growth over the last four years. 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 last year.

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 18% 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 95% 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 continues to grow with storage revenue increasing by 80% compared with 2013. The space let to National Accounts customers has increased by 13% compared with 2016 and, at 383,000 sq ft, constitutes 12% of our total occupied space in the UK business. 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 55,000 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 2017 we had 1.46m sq ft of unoccupied space in the UK and 0.24m sq ft in France, equivalent to over 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

UK Operating Performance- like-for-like[2]	**2017**	**2016**	**Change**
Revenue (£'m)	42.2	40.6	3.9%
EBITDA (£'m)[3]	21.6	20.4	5.9%
Closing Occupancy (let sq ft- million)[4]	2.70	2.67	1.1%
Closing Occupancy (% of MLA)	69.5%	68.6%	+0.9ppts
Average Occupancy (let sq ft- million)[4]	2.70	2.65	1.9%
Average Storage Rate (£)	25.28	24.86	1.7%
UK Operating Performance- total	**2017**	**2016**	**Change**
Revenue (£'m)	47.3	41.1	15.1%
EBITDA (£'m)[3]	24.3	20.8	16.8%
EBITDA (after leasehold costs) (£'m)	21.2	18.7	13.4%
Closing Occupancy (let sq ft- million)[4]	3.11	2.69	15.6%
Maximum Lettable Area (MLA)[5]	4.57	3.92	16.6%
Closing Occupancy (% of MLA)	68.1%	68.6%	(0.5ppts)
Average Storage Rate (£)	24.75	24.82	(0.3%)

Revenue in the UK has grown by 15.1% in the period reflecting the acquisition of Space Maker in July 2016 and the opening of four new stores in Chiswick, Wandsworth, Birmingham and Altrincham between August and November 2016.

On a like-for-like basis, revenue grew by 3.9%. We take a balanced approach to revenue management and our like-for-like average occupancy growth of 1.9% was accompanied by a 1.7% increase in the like-for-like average storage rate for the period. Like-for-like closing occupancy was 69.5% (2016: 68.6%).

Our total closing occupancy was down 0.5ppts at 68.1% (2016: 68.6%) driven by the four new stores mentioned above and the fact that the occupancy of Space Maker, which had not yet been acquired in the first half of 2016, is lower than the average of the Safestore portfolio. Similarly, the initial discounts on the newly opened stores has resulted in the total average storage rate reducing by 0.3% to £24.75 (2016: £24.82).

We remain focused on our cost base. During the period, our cost base increased by around 2% or £0.4m on a like-for-like basis largely driven by the variable costs related to incremental revenue. Total costs increased by £2.7m reflecting the acquisition of Space Maker and the opening of four new stores.

As a result EBITDA for the UK business was £24.3m (2016: £20.8m), an increase of £3.5m or 16.8%.

Paris – a robust half year

Paris Operating Performance- like-for-like[2]	2017	2016	Change
Revenue (€'m)	17.8	17.3	2.9%
EBITDA (€'m)[3]	11.6	11.3	2.7%
Closing Occupancy (let sq ft- million)[4]	0.82	0.80	2.5%
Closing Occupancy (% of MLA)	80.9%	79.4%	+1.5ppts
Average Occupancy (let sq ft- million)[4]	0.81	0.80	1.3%
Average Storage Rate (€)	40.78	39.71	2.7%
Paris Operating Performance- total	**2017**	**2016**	**Change**
Revenue (€'m)	17.9	17.3	3.5%
EBITDA (€'m)[3]	11.5	11.3	1.8%
EBITDA (after leasehold costs) (€'m)	9.3	8.8	5.7%
Closing Occupancy (let sq ft- million)[4]	0.83	0.80	3.8%
Maximum Lettable Area (MLA)[5]	1.07	1.01	5.9%
Closing Occupancy (% of MLA)	77.3%	79.4%	(2.1ppts)
Average Storage Rate (€)	40.57	39.71	2.2%
Revenue (£'m)	15.3	13.0	17.7%

Our Paris business had a solid first half of the year growing like-for-like revenue by 2.9%. Pricing was robust and our like-for-like average rate was up 2.7% for the period. Our like-for-like average occupancy for the period was 1.3% ahead of 2016 and the closing occupancy ended the half-year up 1.5ppts at 80.9% (2016: 79.4%).

Our new store at Emerainville in the east of Paris opened on time and on budget at the end of the 2016 financial year adding 60,000 sq ft of MLA to our portfolio. In addition, the extension of our Longpont store, which added 22,600 sq ft of new space, was completed in the period. Given that the new space has only recently started to trade, there was a dilutive effect to total closing occupancy at the period end.

The impact of Sterling being 12% weaker than in the comparative period resulted in Sterling equivalent revenue growing by 17.7% 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 nineteenth year of uninterrupted revenue growth in local currency.

The cost base in Paris remained well controlled during the year and, as a result, EBITDA after leasehold costs in France grew to €9.3m (2016: €8.8m), an improvement of €0.5m or 5.7% on 2016.

Frederic Vecchioli
14 June 2017

Financial Review

Underlying Income Statement

The table below sets out the Group's underlying results of operations for the six months ended 30 April 2017 and the six months ended 30 April 2016.

	H1 2017 £'m	H1 2016 £'m	Mvmt %
Revenue	62.6	54.1	*15.7%*
Underlying costs	(28.4)	(24.8)	*14.5%*
Underlying EBITDA	**34.2**	**29.3**	***16.7%***
Leasehold rent	(5.0)	(3.9)	*28.2%*
Underlying EBITDA after leasehold rent	**29.2**	**25.4**	***15.0%***
Depreciation	(0.2)	(0.2)	*0.0%*
Finance charges	(5.3)	(5.0)	*6.0%*
Underlying profit before tax	**23.7**	**20.2**	***17.3%***
Current tax	(2.0)	(1.6)	*25.0%*
Cash tax earnings	**21.7**	**18.6**	***16.7%***
Average shares in issue (m)	209.0	207.8	
Underlying (cash tax adjusted) EPS (p)	**10.4**	**9.0**	***15.6%***

Note: As the Group no longer incurs deferred tax on underlying trading, EPRA earnings and EPRA EPS are now identical to cash tax earnings and cash tax adjusted EPS respectively.

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

Underlying EBITDA increased by 16.7% to £34.2m (H1 2016: £29.3m) reflecting a 15.7% increase in revenue less a 14.5% increase in the underlying cost base (see below). The leasehold rent charge has increased by 28.2% from £3.9m in H1 2016 to £5.0m, principally reflecting the addition of six new leases through the acquisition of the Space Maker business.

Finance charges increased by 6.0% from £5.0m in H1 2016 to £5.3m in H1 2017, reflecting the increase in borrowings required to finance the Space Maker acquisition in the second half of last year and our new store developments.

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 £2.0m (H1 2016: £1.6m).

Management considers that the most representative earnings per share ("EPS") measure is cash tax adjusted EPS, which increased by 15.6% to 10.4p (H1 2016: 9.0p). At constant exchange rates, cash tax adjusted EPS would have been 10.0p, an increase of 11.1% since H1 2016.

Reconciliation of Underlying EBITDA

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

	H1 2017 £'m	H1 2016 £'m
Operating profit	64.6	56.9
Adjusted for		
- gain on investment properties	(30.8)	(28.2)
- depreciation	0.2	0.2
- contingent rent	0.2	0.1
- costs incurred relating to corporate transactions	-	0.3
Underlying EBITDA	34.2	29.3

The main reconciling item between operating profit and underlying EBITDA is the gain on investment properties, which has increased from £28.2m in H1 2016 to £30.8m in H1 2017, which continues to reflect the benefit of our trading performance improvements and cost controls. The Group's approach to the valuation of its investment property portfolio at 30 April 2017 is discussed below.

During H1 2016, the Group incurred £0.3m of costs relating to corporate transactions, which are unrelated to the Group's trading performance, so have been excluded from underlying EBITDA.

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 2017			H1 2016		
	UK	Paris	Total (CER)	UK	Paris	Total (CER)
	£'m	€'m	£'m	£'m	€'m	£'m
Revenue	47.3	17.9	60.8	41.1	17.3	54.1
Underlying cost of sales	(17.9)	(5.0)	(21.7)	(15.4)	(4.8)	(19.0)
Store EBITDA	29.4	12.9	39.1	25.7	12.5	35.1
Store EBITDA margin	*62.2%*	*72.1%*	*64.3%*	*62.5%*	*72.3%*	*64.9%*
Underlying administrative expenses	(5.1)	(1.4)	(6.2)	(4.9)	(1.2)	(5.8)
Underlying EBITDA	24.3	11.5	32.9	20.8	11.3	29.3
EBITDA margin	*51.4%*	*64.2%*	*54.1%*	*50.6%*	*65.3%*	*54.2%*
Leasehold rent	(3.1)	(2.2)	(4.8)	(2.1)	(2.5)	(3.9)
Underlying EBITDA after leasehold rent	21.2	9.3	28.1	18.7	8.8	25.4
EBITDA after leasehold rent margin	*44.8%*	*52.0%*	*46.2%*	*45.5%*	*50.9%*	*47.0%*
	UK	Paris	Total	UK	Paris	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Underlying EBITDA after leasehold rent (CER)	21.2	6.9	28.1	18.7	6.7	25.4
Adjustment to actual exchange rate	-	1.1	1.1	-	-	-
Reported underlying EBITDA after leasehold rent	21.2	8.0	29.2	18.7	6.7	25.4

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 £3.5m, or 16.8%, to £24.3m (H1 2016: £20.8m), reflecting a 15.1% increase in revenue offset partially by 13.3% increase the underlying cost base, although on a like-for-like basis underlying costs grew by only 2.0%. Underlying UK EBITDA after leasehold rent increased by 13.4% to £21.2m (H1 2016: £18.7m), but the margin decreased from 45.5% in H1 2016 to 44.8% in the current year due to the impact of the Space Maker acquisition and new store openings in the second half of last year.

In Paris, underlying EBITDA increased by €0.2m, or 1.8%, to €11.5m (H1 2016: €11.3m), reflecting a €0.6m increase in revenue, arising from a 2.2% increase in the average storage rate and a 1.3% increase in average occupancy. Underlying EBITDA after leasehold rent in Paris increased by 5.7% to €9.3m (H1 2016: €8.8m), and the margin improved from 50.9% in H1 2016 to 52.0% in the current year as a result of a €0.3m decrease in rent arising due to the favourable settlement of outstanding rent reviews.

The combined results of the UK and Paris delivered a 10.6% increase in Group underlying EBITDA after leasehold rent at constant exchange rates at Group level. Adjusting for a favourable exchange impact of £1.1m in the current year, Group reported underlying EBITDA after leasehold rent has increased by 15.0% or £3.8m to £29.2m (H1 2016: £25.4m).

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 2017 and H1 2016.

		H1 2017	% of total	H1 2016	% of total	% change
UK	£'m	47.3	76%	41.1	76%	15.1%
Paris						
Local currency	€'m	17.9		17.3		3.5%
Average exchange rate	€:£	1.168		1.325		
Paris in sterling	£'m	15.3	24%	13.0	24%	17.7%
Total revenue		62.6	100%	54.1	100%	15.7%

The Group's reported revenue increased by 15.7% or £8.5m during the period. The Group's occupied space was 450,000 sq ft higher at 30 April 2017 (3.94 million sq ft) than at 30 April 2016 (3.49 million sq ft), with average occupancy during the period 12.4% higher at 3.90 million sq ft (H1 2016: 3.47 million sq ft), and the reported average rental rate for the Group for the period was 3.2% higher at £26.85 than in H1 2016 (£26.02).

On a like-for-like basis, adjusting for the impact of new and closed stores and the acquisition of Space Maker, the Group's revenue has increased by 7.1% since the comparative period. Adjusting for a favourable exchange impact in the current year, revenue increased by 3.7% on a constant currency basis.

In the UK reported revenue increased by £6.2m or 15.1%, occupancy increased by 15.6% to 3.11 million sq ft at 30 April 2017 (H1 2016: 2.69 million sq ft) and the average rental rate decreased 0.3% to £24.75 (H1 2016: £24.82). The average space occupied during the period was up 15.7% compared with H1 2016 at 3.09 million sq ft (H1 2016: 2.67 million sq ft).

On a like-for-like basis, adjusting for the acquisition of Space Maker and new and closed stores, UK revenue increased by £1.6m or 3.9% arising from a 1.7% increase in the average store rate and 1.9% increase in average occupancy.

In Paris, revenue increased by €0.6m or 3.5%. The average Euro exchange rate for H1 2017 was €1.168:£1 compared with €1.325:£1 in H1 2016 resulting in a £1.8m benefit at the revenue level when comparing to a constant currency basis. Further adjusting for the impact of the Emerainville store opening in the second half of last year, like-for-like revenue in constant currency increased by £0.4m or 3.1% to £13.4m (H1 2016: £13.0m)

Paris closing occupancy at 30 April 2017 has increased by 3.8% since 30 April 2016 to 0.83 million sq ft and average occupancy for the period of 0.81 million sq ft is a 1.3% increase compared to H1 2016. The average rental rate in France was €40.57 for the period, an increase of 2.2% on H1 2016 (€39.71).

Analysis of Cost Base

Cost of sales

The table below details the key movements in cost of sales between H1 2016 and H1 2017.

Cost of sales	H1 2017 £'m	H1 2016 £'m
Reported cost of sales	(22.5)	(19.3)
Adjusted for:		
Depreciation	0.2	0.2
Contingent rent	0.2	0.1
Underlying cost of sales	(22.1)	(19.0)
Underlying cost of sales for H1 2016		(19.0)
Closed store cost of sales		0.1
Underlying cost of sales for H1 2016 (LFL)		(18.9)
Store maintenance and business rates		(0.2)
Employee remuneration and volume related cost of sales		(0.1)
Underlying cost of sales for H1 2017 (LFL CER)		(19.2)
Space Maker and new store cost of sales		(2.5)
Underlying cost of sales for H1 2017 (CER)		(21.7)
Foreign exchange		(0.4)
Underlying cost of sales for H1 2017 (reported)		(22.1)

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 Space Maker, underlying cost of sales increased by £0.3m, to £19.2m (H1 2016: £18.9m) on a constant currency basis. The cost of sales attributable to new and acquired stores, including Space Maker, is £2.5m. Reflecting the impact of exchange rate movements, reported underlying cost of sales increased by £3.1m or 16.3% to £22.1m in H1 2017.

Administrative Expenses

The table below reconciles reported administrative expenses to underlying administrative expenses and details the key movements in underlying administrative expenses between H1 2016 and H1 2017.

Administrative expenses	**H1 2017 £'m**	**H1 2016 £'m**
Reported administrative expenses	(6.3)	(6.1)
Adjusted for:		
Exceptionals and non-underlying items	-	0.3
Underlying administrative expenses	(6.3)	(5.8)
Underlying administrative expenses for H1 2016		(5.8)
Employee remuneration		(0.3)
Other administrative costs		(0.1)
Underlying administrative expenses for H1 2017 (CER)		(6.2)
Foreign exchange		(0.1)
Underlying administrative expenses for H1 2017 (reported)		(6.3)

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 £0.5m to £6.3m (H1 2016: £5.8m). The increase arose primarily due to increased employee remuneration (£0.3m) as a result of increased headcount and lower vacancy rates, with other administrative costs including professional fees and IT costs arising from the new and acquired stores contributing a further £0.1m.

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 2017, a sample of the Group's largest properties, representing approximately 42% of the value of the Group's investment property portfolio at 31 October 2016, 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 58% of the Group's investment property portfolio, updating 31 October 2016 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 2017 £'m	H1 2016 £'m
Revaluation of investment properties	33.4	30.5
Revaluation of investment properties under construction	-	(0.2)
Depreciation on leasehold properties	(2.6)	(2.1)
Gain on investment properties	30.8	28.2

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 £24.7m of the £33.4m net revaluation gain, with £8.7m arising in France.

Operating profit

Reported operating profit increased by £7.7m from £56.9m in H1 2016 to £64.6m in H1 2017, primarily reflecting the £4.9m improvement in underlying EBITDA plus the £2.6m higher investment property gain.

Net finance costs

Net finance costs consist of interest payable, interest on obligations under finance leases, fair value movements on derivatives and exchange gains or losses.

	H1 2017 £'m	H1 2016 £'m
Net bank interest payable	(5.3)	(5.0)
Interest on obligations under finance leases	(2.2)	(1.7)
Fair value movement on derivatives	(7.6)	2.8
Net exchange gains/(losses)	5.4	(4.0)
Unwinding of discount on Capital Goods Scheme receivable	0.1	0.1
Net finance costs	(9.6)	(7.8)

Underlying finance charge

The underlying finance charge (net bank interest payable) increased to £5.3m, from £5.0m in H1 2016. The increase reflects a higher level of borrowings in the current year, primarily arising on the acquisition of Space Maker in the second half of last year, which was partly mitigated by a 0.25% reduction in UK interest rates in August 2016.

The Group announced a refinancing after the period end, on 19 May 2017, which is discussed below. However, based on the drawn debt position as at 30 April 2017, the effective interest rate is analysed as follows:

	Facility £/€/$'m	Drawn £'m	Hedged £'m	Hedged %	Bank Margin	Hedged Rate	Floating Rate	Total Rate
UK Term Loan	£126.0	£126.0	£100.0	79%	1.50%	1.34%	0.26%	2.62%
UK Revolver	£125.0	£61.0	-	-	1.50%	-	0.26%	1.76%
UK Revolver- non-utilisation	£64.0	-	-	-	0.60%	-	-	0.60%
Euro Revolver	€70.0	£38.7	£25.2	65%	1.50%	0.31%	(0.33%)	1.58%
Euro Revolver- non-utilisation	€24.0	-	-	-	0.60%	-	-	0.60%
US Private Placement 2019	$65.6	£50.7	£50.7	100%	5.52%	-	-	5.83%
US Private Placement 2024	$47.3	£36.5	£36.5	100%	6.29%	-	-	6.74%
Unamortised finance costs	-	(£1.5)	-	-	-	-	-	-
Total	£397.1	£311.4	£212.4	68%				3.52%

The UK term loan of £126m was fully drawn as at 30 April 2017 and attracted a bank margin of 1.50%. The Group has interest rate hedge agreements in place to June 2020 swapping LIBOR on £100.0m at a weighted average effective rate of 1.34%.

The Group's committed UK revolver facility was £125m, of which £61m was drawn as at 30 April 2017. Drawn amounts also attracted a bank margin of 1.50%, and the Group paid a non-utilisation fee of 0.6% on undrawn balances.

The Euro revolver of €70m had €46m (£38.7m) drawn as at 30 April 2017, following the drawdown of €4m during the period to finance expansionary capital expenditure. It attracted a bank margin of 1.50%. The Group has interest rate hedges in place to June 2020 swapping EURIBOR on €30m at an effective rate of 0.309%. In addition, the Group paid a non-utilisation fee of 0.6% on undrawn balances.

The US Private Placement Notes were fully hedged at 5.83% for the 2019 notes and 6.74% for the 2024 notes.

The hedge arrangements provided cover for 68% of the Group's drawn debt. Overall, the Group had an effective interest rate on its outstanding borrowings of 3.52% at 30 April 2017 (H1 2016: 4.08%).

Non-underlying finance charge

Interest on finance leases was £2.2m (H1 2016: £1.7m) 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 £3.9m in H1 2016 to £5.0m in H1 2017, principally reflecting the six additional leases acquired with the Space Maker business in the second half of last year.

Net finance costs reflects £5.4m of net exchange gains (H1 2016: net exchange losses of £4.0m) arising primarily on retranslation of the Group's US dollar denominated borrowings. This partly offsets the net fair value loss on derivatives of £7.6m (H1 2016: net gain of £2.8m), which includes a £7.9m loss (H1 2016: £4.4m gain) in respect of cross currency swaps taken out by the Group to hedge against movements in the US dollar denominated borrowings.

Refinancing in May 2017

On 19 May 2017, after the period end, the Group announced the refinancing of its 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 key terms of the new and amended arrangements, which came into effect on 31 May 2017, are as follows:

US Private Placement Notes

- The previous $65.6m 5.83% 2019 USPP and $47.3m 6.74% 2024 USPP were repaid in full;
- New Euro and Sterling denominated USPP notes were issued with the following tenor and coupons:
  - €50.9m 7 year notes at a coupon of 1.59%;
  - €74.1m 10 year notes at a coupon of 2.00%; and
  - £50.5m 12 year notes at a coupon of 2.92%.

Amendment and Extension of Bank Facilities

- The previous UK and Euro revolving credit facilities were extended by two years from June 2020 to June 2022 with an option (on an uncommitted basis) to extend for a further year with the previous £126m term loan cancelled.
- The amended facilities comprise:
  - a £190m revolving credit facility of which £117m is drawn; and
  - a €70m revolving facility of which €46m is drawn.
- The margin on the amended facilities was reduced by 25 bps from 150 bps to 125 bps.
- Similarly, the non-utilisation fee on the undrawn facilities reduced from 0.6% to 0.5%.
- The Group also has the option (on an uncommitted basis) to increase the quantum of the sterling revolving credit facility by £60m.

The Group has paid a 'make-whole' payment to existing USPP noteholders of £12.4m and broke the Sterling/Dollar cross-currency swap relating to the existing USPP notes, leading to the Group receiving £13.9m, being the mark to market value of the swap which was in the Group's favour and which was carried at that value at the date of breakage. Exceptional finance charges to be reported by the Group in respect of

the refinancing in the second half of the year are estimated to be c.£16m, comprising the £12.4m 'make-whole' payment, with the balance relating to fees and the write off of previous unamortised issue costs. The refinancing was broadly cash flow neutral.

Had the refinanced arrangements been in place at 30 April 2017, on a pro forma basis the Group's effective interest rate would have been as follows:

	Facility £/€/$'m	Drawn £'m	Hedged £'m	Hedged %	Bank Margin	Hedged Rate	Floating Rate	Total Rate
UK Revolver	£190.0	£117.0	£100.0	85%	1.25%	1.34%	0.25%	2.43%
UK Revolver- non-utilisation	£73.0	-	-	-	0.50%	-	-	0.50%
Euro Revolver	€70.0	£38.7	£25.2	65%	1.25%	0.31%	(0.33%)	1.34%
Euro Revolver- non-utilisation	€24.0	-	-	-	0.50%	-	-	0.50%
US Private Placement 2024	€50.9	£42.8	£42.8	100%	1.59%	-	-	1.59%
US Private Placement 2027	€74.1	£62.3	£62.3	100%	2.00%	-	-	2.00%
US Private Placement 2029	£50.5	£50.5	£50.5	100%	2.92%	-	-	2.92%
Total	£404.5	£311.3	£280.8	90%				2.32%

Note: the above table has been prepared on a pro forma basis, using exchange rates at 30 April 2017 for comparison.

The Group's pro forma annual underlying finance charge will, over a full year, reduce by c.£3m per annum and the Group's overall ongoing average cost of debt will reduce by c.120 bps to 2.32% per annum.

Tax

The tax credit/(charge) for the period is analysed below:

Tax credit/(charge)	**H1 2017 £'m**	**H1 2016 £'m**
Underlying current tax	(2.0)	(1.6)
Current tax	(2.0)	(1.6)
Tax on investment properties movement	(2.9)	(1.9)
Tax on revaluation of interest rate swaps	(0.1)	0.1
Impact of tax rate change in France	8.7	-
Other	0.1	-
Deferred tax	5.8	(1.8)
Tax credit/(charge)	3.8	(3.4)

The income tax credit in the period was £3.8 (H1 2016: £3.4m charge).

In the UK the Group is a REIT, so the tax charge relates to the Paris business. The current tax charge for the period amounted to £2.0m (H1 2016: £1.6m).

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 according to size of company. As a result, the deferred tax credit/(charge) includes a non-recurring deferred tax credit of £8.7m (H1 2016: £nil) relating to this change.

Profit after tax

The profit after tax for the period was £58.8m, compared with £45.7m in H1 2016. Basic EPS was 28.1 pence (H1 2016: 22.0 pence) and diluted EPS was 28.0 pence (H1 2016: 21.8 pence). Management considers cash tax adjusted EPS to be more representative of the underlying EPS performance of the business and this is discussed above.

Dividends

The Board has announced an interim dividend of 4.2 pence per share, an increase of 16.7% on the interim dividend paid last year of 3.6 pence. This will amount to a dividend payment of £8.8m (H1 2016: £7.5m). The dividend will be paid on 18 August 2017 to shareholders who are on the Company's register at the close of business on 14 July 2017. The ex-dividend date will be 13 July 2017. 50% (H1 2016: 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 42% 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 58% of the Group's investment property portfolio.

	UK	**Paris**	**Total**	**Paris**
	£'m	**£'m**	**£'m**	**€'m**
Value as at 1 November 2016	699.7	243.6	943.3	270.9
Currency translation movement	-	(15.9)	(15.9)	-
Additions	1.9	1.8	3.7	2.0
Disposals	(3.4)	-	(3.4)	-
Reclassifications	10.9	-	10.9	-
Revaluation	24.7	8.7	33.4	10.3
Value at 30 April 2017	733.8	238.2	972.0	283.2

The table above summarises the movement in the valuations.

The exchange rate at 30 April 2017 was €1.19:£1 compared to €1.11:£1 at 31 October 2016. This movement in the foreign exchange rate has resulted in a £15.9m adverse currency translation movement in the period, reversing some of the favourable translation movements experienced in the prior year. 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.

Despite the £15.9m exchange loss described above, the Group's property portfolio valuation has increased by £28.7m from the valuation of £943.3m at 31 October 2016. This reflects the gain on valuation of £33.4m plus additions of £14.6m (including the reclassification of Chiswick from investment properties under construction), less the £3.4m disposal of our old site in Birmingham.

The value of the Company's pipeline of expansion stores of £8.3m as at 30 April 2017, reflects the development sites at Mitcham in London and Combs-la-Ville in Paris, both of which were acquired during the period.

The adjusted EPRA NAV per share is 314 pence, an increase of 4.7% since 31 October 2016, reflecting the revaluation gain and additions described above, less the impact of exchange losses reported for the period.

Gearing and Capital Structure

As at 30 April 2017, 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. As noted above, the Group has refinanced its facilities since the period end.

Net debt (including finance leases and cash) stood at £360.7m at 30 April 2017, a decrease of £8.5m during the period from £369.2m at 31 October 2016. Total capital (net debt plus equity) increased from £956.6m at 31 October 2016 to £980.9m at 30 April 2017. The net impact is that the gearing ratio has reduced from 39% to 37% 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 2017 the Group LTV ratio was 30% compared with 31% at 31 October 2016.

Prior to the refinancing in May 2017, the Group's £126m UK term loan facility and £125m UK revolver both ran to June 2020 and attracted a margin of 1.50%. The amount drawn under the UK revolver was £61m at both 30 April 2017 and 31 October 2016, although amounts totalling £14m were both drawn and repaid during the period.

The Group's Euro revolver remains €70m, of which €46m had been drawn as at 30 April 2017, following the drawdown of €4m during the period. Prior to the refinancing, it also ran to June 2020 and attracted a margin of 1.50%.

Of the US private placement debt issued in 2012 which totalled $113 million, $66 million was issued at 5.52% (swapped to 5.83%) with 2019 maturity and $47 million was issued at 6.29% (swapped to 6.74%) with 2024 maturity.

Borrowings under both the previous and refinanced 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 is set at a ratio of EBITDA:interest of 2.4:1, and the actual interest cover for the period to 30 April 2017 was 5.5:1.

The LTV covenant for the UK bank facilities and private placement is set at 60% and is calculated by reference to the value of designated properties in the UK. The LTV covenant is also 60% for the Euro revolver in France, calculated by reference to the value of designated French freehold properties. As at 30 April 2017, 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 2017 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.

Cash flow

The table below sets out the cash flow of the business in H1 2017 and H1 2016.

	H1 2017 £'m	H1 2016 £'m
Underlying EBITDA	34.2	29.3
Working capital/exceptionals/other	1.4	(0.1)
Operating cash inflow	35.6	29.2
Interest payments	(5.8)	(4.7)
Leasehold rent payments	(5.0)	(3.9)
Tax payments	(1.6)	(0.9)
Free cash flow (before investing and financing activities)	23.2	19.7
Capital expenditure - investment properties	(13.8)	(9.2)
Capital expenditure - property, plant and equipment	(0.3)	(0.4)
Proceeds from disposal - investment properties	3.4	-
Net cash flow after investing activities	12.5	10.1
Dividends paid	(14.7)	(12.1)
Net drawdown/(repayment) of borrowings	3.4	(0.8)
Debt issuance costs	-	(0.4)
Net decrease in cash	1.2	(3.2)

Operating cash flow increased by £6.4m in the period, principally reflecting the £4.9m increase in underlying EBITDA.

Free cash flow (before investing and financing activities) grew by 17.8% to £23.2m (H1 2016: £19.7m) reflecting the stronger trading performance. Interest payments were £1.1m higher than the prior year due to the increased interest charge, but also due to timing differences arising from the scheduling of payments in anticipation of our refinancing.

Investing activities has increased by £1.1m to £10.7m (H1 2016: £9.6m). In the current year, net capital expenditure principally relates to acquisition of new sites at Mitcham in London and Combs-la-Ville in Paris, less the £3.4m disposal of our old site in Birmingham.

Dividends paid to shareholders increased from £12.1m in H1 2016 to £14.7m in H1 2017, and the Group drew a net £3.4m of borrowings, primarily to finance capital expenditure.

Consolidated income statement
for the six months ended 30 April 2017

	Note	**Six months ended 30 April 2017 (unaudited) £m**	Six months ended 30 April 2016 (unaudited) £m	Year ended 31 October 2016 (audited) £m
Revenue	4	**62.6**	54.1	115.4
Cost of sales		**(22.5)**	(19.3)	(40.9)
Gross profit		**40.1**	34.8	74.5
Administrative expenses		**(6.3)**	(6.1)	(12.5)
Negative goodwill on acquisition of subsidiary		**-**	-	5.6
Underlying EBITDA	4	**34.2**	29.3	64.2
Exceptional items		**-**	-	4.3
Costs incurred relating to corporate transactions		**-**	(0.3)	-
Depreciation and contingent rent		**(0.4)**	(0.3)	(0.9)
Operating profit before gain on investment properties		**33.8**	28.7	67.6
Gain on investment properties	10	**30.8**	28.2	41.7
Operating profit		**64.6**	56.9	109.3
Finance income	5	**5.7**	4.5	21.0
Finance expense	5	**(15.3)**	(12.3)	(35.4)
Profit before income tax	4	**55.0**	49.1	94.9
Income tax credit/(charge)*	6	**3.8**	(3.4)	(7.5)
Profit for the period		**58.8**	45.7	87.4
Earnings per share for profit attributable to the equity holders				
- basic (pence)	9	**28.1**	22.0	42.0
- diluted (pence)	9	**28.0**	21.8	41.7

All items in the income statement relate to continuing operations.

* Includes a deferred tax credit of £8.7m reflecting changes in the tax rate applicable in France (30 April 2016 and 31 October 2016: £nil).

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

An interim dividend of 4.2 pence per ordinary share has been declared for the period ended 30 April 2017 (30 April 2016: 3.6 pence).

Consolidated statement of comprehensive income
for the six months ended 30 April 2017

	Six months ended 30 April 2017 (unaudited) £m	Six months ended 30 April 2016 (unaudited) £m	Year ended 31 October 2016 (audited) £m
Profit for the period	**58.8**	45.7	87.4
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss			
Currency translation differences	**(9.8)**	10.8	29.4
Total other comprehensive income, net of tax	**(9.8)**	10.8	29.4
Total comprehensive income for the period	**49.0**	56.5	116.8

Consolidated balance sheet
as at 30 April 2017

	Note	**30 April 2017 (unaudited) £m**	30 April 2016 (unaudited) £m	31 October 2016 (audited) £m
Non-current assets				
Investment properties	10	**972.0**	826.6	943.3
Interests in leasehold properties	10	**55.6**	49.1	58.9
Investment properties under construction	10	**8.3**	12.0	10.9
Property, plant and equipment		**2.0**	1.8	2.0
Derivative financial instruments	14	**13.0**	4.3	20.9
Deferred tax assets	7	**0.1**	0.2	0.2
Other receivables		**2.1**	3.5	2.1
		1,053.1	897.5	1,038.3
Current assets				
Inventories		**0.2**	0.2	0.2
Trade and other receivables		**26.4**	22.4	23.0
Cash and cash equivalents		**6.3**	11.2	5.4
		32.9	33.8	28.6
Total assets		**1,086.0**	931.3	1,066.9
Current liabilities				
Trade and other payables		**(44.7)**	(40.8)	(41.2)
Current income tax liabilities		**(3.4)**	(1.5)	(3.2)
Obligations under finance leases		**(8.9)**	(7.8)	(9.4)
		(57.0)	(50.1)	(53.8)
Non-current liabilities				
Bank borrowings	13	**(311.4)**	(255.7)	(315.7)
Derivative financial instruments	14	**(3.1)**	(2.4)	(3.4)
Deferred tax liabilities	7	**(47.6)**	(47.9)	(57.1)
Obligations under finance leases		**(46.7)**	(41.3)	(49.5)
		(408.8)	(347.3)	(425.7)
Total liabilities		**(465.8)**	(397.4)	(479.5)
Net assets		**620.2**	533.9	587.4
Shareholders' equity				
Ordinary shares	15	**2.1**	2.1	2.1
Share premium		**60.1**	60.0	60.1
Translation reserve		**6.8**	(2.0)	16.6
Retained earnings		**551.2**	473.8	508.6
Total equity		**620.2**	533.9	587.4

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 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 six months ended 30 April 2016

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total Equity £m
At 1 November 2015	2.1	60.0	(12.8)	441.3	490.6
Total comprehensive income for the period	-	-	10.8	45.7	56.5
Transactions with owners in their capacity as owner:					
Dividends (note 8)	-	-	-	(13.8)	(13.8)
Employee share options	-	-	-	0.6	0.6
At 30 April 2016	**2.1**	**60.0**	**(2.0)**	**473.8**	**533.9**

Condensed consolidated statement of changes in equity
for the year ended 31 October 2016

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total Equity £m
At 1 November 2015	2.1	60.0	(12.8)	441.3	490.6
Total comprehensive income for the year	-	-	29.4	87.4	116.8
Transactions with owners in their capacity as owner:					
Dividends (note 8)	-	-	-	(21.3)	(21.3)
Increase in share capital	-	0.1	-	-	0.1
Employee share options	-	-	-	1.2	1.2
At 31 October 2016	**2.1**	**60.1**	**16.6**	**508.6**	**587.4**

Consolidated cash flow statement
for the six months ended 30 April 2017

	Six months ended 30 April 2017 (unaudited) £m	Six months ended 30 April 2016 (unaudited) £m	Year ended 31 October 2016 (audited) £m
Profit before income tax	**55.0**	49.1	94.9
Gain on the revaluation of investment properties	**(30.8)**	(28.2)	(41.7)
Negative goodwill on acquisition of subsidiary	**-**	-	(5.6)
Depreciation	**0.2**	0.2	0.4
Net finance expense	**9.6**	7.8	14.4
Employee share options	**0.6**	0.6	1.2
Increase in trade and other receivables	**(3.8)**	(2.4)	(0.3)
Increase/(decrease) in trade and other payables	**4.6**	2.0	(1.4)
Cash flows from operating activities	**35.4**	29.1	61.9
Interest paid	**(8.0)**	(6.4)	(13.2)
Tax paid	**(1.6)**	(0.9)	(1.7)
Net cash inflow from operating activities	**25.8**	21.8	47.0
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	**-**	-	(41.8)
Expenditure on investment and development properties	**(13.8)**	(9.2)	(28.3)
Proceeds in respect of Capital Goods Scheme	**-**	-	1.5
Purchase of property, plant and equipment	**(0.3)**	(0.4)	(0.8)
Proceeds from disposal of investment properties	**3.4**	-	-
Net cash outflow from investing activities	**(10.7)**	(9.6)	(69.4)
Cash flows from financing activities			
Issue of share capital	**-**	-	0.1
Equity dividends paid	**(14.7)**	(12.1)	(21.3)
Proceeds from borrowings	**17.4**	5.0	58.4
Debt issuance costs	**-**	(0.4)	(0.4)
Finance lease principal payments	**(2.6)**	(2.1)	(4.6)
Repayment of borrowings	**(14.0)**	(5.8)	(19.8)
Net cash (outflow)/inflow from financing activities	**(13.9)**	(15.4)	12.4
Net increase/(decrease) in cash and cash equivalents	**1.2**	(3.2)	(10.0)
Exchange (loss)/gain on cash and cash equivalents	**(0.3)**	0.6	1.6
Opening cash and cash equivalents	**5.4**	13.8	13.8
Closing cash and cash equivalents	**6.3**	11.2	5.4

Reconciliation of net cash flow to movement in net debt
for the six months ended 30 April 2017

	Six months ended 30 April 2017 (unaudited) £m	Six months ended 30 April 2016 (unaudited) £m	Year ended 31 October 2016 (audited) £m
Net increase/(decrease) in cash and cash equivalents (after exchange adjustments)	**0.9**	(2.6)	(8.4)
Decrease/(increase) in debt financing	**7.6**	(8.2)	(78.0)
Decrease/(increase) in net debt	**8.5**	(10.8)	(86.4)
Net debt at start of period	**(369.2)**	(282.8)	(282.8)
Net debt at end of period	**(360.7)**	(293.6)	(369.2)

Notes to the interim report for the six months ended 30 April 2017

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, WD6 2BT.

The Company is listed on the London Stock Exchange.

This interim report was approved for issue on 14 June 2017.

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 2016, which received an unqualified report from the auditors, 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 23 March 2017.

This condensed consolidated interim financial information for 30 April 2017 and 30 April 2016 is unaudited. The interim financial information for 30 April 2017 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 2017 has been prepared in accordance with the Disclosure 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 2016, 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 2017 applicable to companies under IFRS. The IFRS and IFRIC interpretations as adopted by the European Union that will be applicable at 31 October 2017, 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 14 June 2017 and publication of the annual IFRS financial statements for the year ending 31 October 2017.

The accounting policies and presentation applied are consistent with those in the annual financial statements for the year ended 31 October 2016, 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 ended 31 October 2017:

IFRS 14	'Regulatory Deferral Accounts';
IFRS 10, IFRS 12 and IAS 28	Amendments relating to investment entities: applying the consolidation exception;
IFRS 11	Amendments relating to acquisitions of interests in joint operations;
IAS 1	Amendments relating to the Disclosure Initiative
IAS 16 and IAS 38	Amendments relating to clarification of acceptable methods of depreciation and amortisation;
IAS 16 and IAS 41	Amendments relating to bearer plants;
IAS 27	Amendments relating to equity method in separate financial statements; and

Annual improvements to IFRSs 2012–2014 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 2016. There have been no significant changes in accounting estimates in the period.

Notes to the interim report for the six months ended 30 April 2017 (continued)

4 Segmental information

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

	United Kingdom £m	**France £m**	**Total £m**
Continuing operations			
Revenue	47.3	15.3	62.6
Underlying EBITDA	24.3	9.9	34.2
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

The segmental information for the six months ended 30 April 2016 is as follows:

	United Kingdom £m	France £m	Total £m
Continuing operations			
Revenue	41.1	13.0	54.1
Underlying EBITDA	20.8	8.5	29.3
Costs incurred relating to corporate transactions	(0.3)	-	(0.3)
Depreciation and contingent rent	(0.2)	(0.1)	(0.3)
Operating profit before gain on investment properties	20.3	8.4	28.7
Gain on investment properties	25.0	3.2	28.2
Operating profit	45.3	11.6	56.9
Net finance expense	(6.8)	(1.0)	(7.8)
Profit before tax	38.5	10.6	49.1
Total assets	704.8	226.5	931.3

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

During H1 2016, the Group incurred £0.3m of costs relating to corporate transactions, which are unrelated to the Group's trading performance, so have been excluded from underlying EBITDA.

Notes to the interim report for the six months ended 30 April 2017 (continued)

5 Finance income and costs

	Six months ended 30 April 2017 (unaudited) £m	Six months ended 30 April 2016 (unaudited) £m	Year ended 31 October 2016 (audited) £m
Finance income			
Fair value movement of derivatives	**0.2**	4.4	20.9
Unwinding of discount on Capital Goods Scheme receivable	**0.1**	0.1	0.1
Net exchange gains	**5.4**	-	-
Total finance income	**5.7**	4.5	21.0
Finance costs			
Interest payable on bank loans and overdrafts	**(5.1)**	(4.8)	(9.7)
Amortisation of debt issuance costs on bank loans	**(0.2)**	(0.2)	(0.4)
Underlying finance charges	**(5.3)**	(5.0)	(10.1)
Interest on obligations under finance leases	**(2.2)**	(1.7)	(3.7)
Fair value movement of derivatives	**(7.8)**	(1.6)	(2.5)
Net exchange losses	**-**	(4.0)	(19.1)
Total finance costs	**(15.3)**	(12.3)	(35.4)
Net finance costs	**(9.6)**	(7.8)	(14.4)

Included within interest payable of £5.1m (April 2016: 4.8m) is £0.6m (April 2016: £0.5m) 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 charge of £7.6m (April 2016: net credit of £2.8m).

6 Income tax credit/(charge)

	Six months ended 30 April 2017	Six months ended 30 April 2016	Year ended 31 October 2016
	(unaudited)	(unaudited)	(audited)
	£m	£m	£m
Current tax	**(2.0)**	(1.6)	(3.7)
Deferred tax	**5.8**	(1.8)	(3.8)
	3.8	(3.4)	(7.5)

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 according to size of company. As a result, the deferred tax credit/(charge) includes a non-recurring deferred tax credit of £8.7m (April 2016: £nil) relating to this change.

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 2017	As at 30 April 2016	As at 31 October 2016
	(unaudited)	(unaudited)	(audited)
	£m	£m	£m
The amounts provided in the accounts are:			
Revaluation of investment properties and tax depreciation	**47.1**	47.2	56.3
Other timing differences	**0.5**	0.7	0.8
Deferred tax liabilities	**47.6**	47.9	57.1
Interest rate swap instruments	**(0.1)**	(0.2)	(0.2)
Deferred tax assets	**(0.1)**	(0.2)	(0.2)
Net deferred tax liability	**47.5**	47.7	56.9

As at 30 April 2017, the Group had trading losses of £5.8m (April 2016: £10.7m) and capital losses of £36.4m (April 2016: £36.4m) in respect of its UK operations. No deferred tax asset has been recognised in respect of these losses.

Notes to the interim report for the six months ended 30 April 2017 (continued)

8 Dividends

	Six months ended 30 April 2017	Six months ended 30 April 2016	Year ended 31 October 2016
	(unaudited)	(unaudited)	(audited)
	£m	£m	£m
For the year ended 31 October 2015:			
Final dividend – paid 8 April 2016 (6.65p per share)	**-**	13.8	13.8
For the year ended 31 October 2016:			
Interim dividend – paid 12 August 2016 (3.60p per share)	**-**	-	7.5
Final dividend – paid 7 April 2017 (8.05p per share)	**16.8**	-	-
Dividends in the statement of changes in equity	**16.8**	13.8	21.3
Timing difference on payment of withholding tax	**(2.1)**	(1.7)	-
Dividends in the cash flow statement	**14.7**	12.1	21.3

An interim dividend of 4.2 pence per ordinary share (April 2016: 3.6 pence) has been declared. The ex-dividend date will be 13 July 2017 and the record date 14 July 2017, with an intended payment date of 18 August 2017.

It is intended that 50% (April 2016: 50%) of the interim dividend of 4.2 pence per ordinary share (April 2016: 3.6 pence) will be paid as a REIT Property Income Distribution ("PID") net of withholding tax where appropriate.

The interim dividend, amounting to £8.8m (April 2016: £7.5m), has not been included as a liability at 30 April 2017. It will be recognised in shareholders' equity in the year to 31 October 2017.

Notes to the interim report for the six months ended 30 April 2017 (continued)

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 numbers of ordinary shares to assume conversion of all dilutive potential shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 April 2017 (unaudited)			Six months ended 30 April 2016 (unaudited)			Year ended 31 October 2016 (audited)		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	**58.8**	**209.0**	**28.1**	45.7	207.8	22.0	87.4	208.2	42.0
Dilutive share options	-	**1.0**	**(0.1)**	-	1.5	(0.2)	-	1.5	(0.3)
Diluted	**58.8**	**210.0**	**28.0**	45.7	209.3	21.8	87.4	209.7	41.7

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. Cash tax adjusted earnings are also presented by deducting all deferred taxation from the EPRA earnings. The Directors consider that these alternative measures provide useful information on the performance of the Group.

	Six months ended 30 April 2017 (unaudited)			Six months ended 30 April 2016 (unaudited)			Year ended 31 October 2016 (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	**58.8**	**209.0**	**28.1**	45.7	207.8	22.0	87.4	208.2	42.0
Adjustments:									
Gain on investment properties	**(30.8)**	**-**	**(14.7)**	(28.2)	-	(13.6)	(41.7)	-	(20.1)
Exceptional items	**-**	**-**	**-**	-	-	-	(4.3)	-	(2.1)
Costs relating to corporate transactions	**-**	**-**	**-**	0.3	-	0.1	-	-	-
Unwinding of discount on CGS receivable	**(0.1)**	**-**	**-**	(0.1)	-	-	(0.1)	-	-
Net exchange (gains) / losses	**(5.4)**	**-**	**(2.6)**	4.0	-	1.9	19.1	-	9.2
Change in fair value of derivatives	**7.6**	**-**	**3.6**	(2.8)	-	(1.3)	(18.4)	-	(8.8)
Tax on adjustments	**(6.3)**	**-**	**(3.0)**	1.4	-	0.7	2.9	-	1.4
Adjusted	**23.8**	**209.0**	**11.4**	20.3	207.8	9.8	44.9	208.2	21.6
EPRA adjusted:									
Depreciation of leasehold properties	**(2.6)**	**-**	**(1.2)**	(2.1)	-	(1.0)	(4.6)	-	(2.2)
Tax on leasehold depreciation adjustment	**0.5**	**-**	**0.2**	0.4	-	0.2	0.9	-	0.4
EPRA basic	**21.7**	**209.0**	**10.4**	18.6	207.8	9.0	41.2	208.2	19.8
Adjustment for underlying deferred tax	**-**	**-**	**-**	-	-	-	-	-	-
Adjusted cash tax earnings	**21.7**	**209.0**	**10.4**	18.6	207.8	9.0	41.2	208.2	19.8

10 Property portfolio

	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**

	Investment Properties	Interest in leasehold properties	Investment properties under construction	Total investment properties
	£m	£m	£m	£m
At 1 November 2015	775.5	47.1	6.0	828.6
Additions	2.9	3.0	6.1	12.0
Revaluation movement	30.5	-	(0.2)	30.3
Depreciation	-	(2.1)	-	(2.1)
Exchange movements	17.7	1.1	0.1	18.9
At 30 April 2016	**826.6**	**49.1**	**12.0**	**887.7**

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 2017 is explained in note 11.

11 Valuations

External valuation

A sample of the Group's largest properties, representing approximately 42% of the value of the Group's investment property portfolio at 31 October 2016, has been valued by the Group's external valuers, Cushman & Wakefield LLP ("C&W"), as at 30 April 2017. 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:

- of the members of the RICS who have been the signatories to the valuations provided to the Group for the same purposes as this valuation, one has done so since October 2006 and the other has done so since October 2016;
- 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 2013 there have only been nine transactions involving multiple assets and thirteen 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 2016, 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 2016. 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 58% 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 2017 averages 80.80% (31 October 2016: 80.23%). 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 29.88 months (31 October 2016: 23.78 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 127 mature stores (i.e. excluding those stores categorised as "developing") is 7.49% (31 October 2016: 7.98%), rising to stabilised net yield pre-administration expenses of 9.04% (31 October 2016: 8.99%).

- 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 10.73% (31 October 2016: 10.75%).

- Purchaser's costs in the range of approximately 6.0% to 6.8% for the UK and 7.5% for France 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 8.0% to 8.8% (UK) and 9.5% (France) 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 2017, the Group's investment property portfolio has been valued at £972.0m (April 2016: £826.6), and a revaluation gain of £33.4m (April 2016: £30.5m) 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 2017.

12 Net assets per share

Analysis of net asset value	**As at 30 April 2017 (unaudited) £m**	As at 30 April 2016 (unaudited) £m	As at 31 October 2016 (audited) £m
Net assets	**620.2**	533.9	587.4
Adjustments to exclude:			
Fair value of derivative financial instruments (net of deferred tax)	**(10.0)**	(2.1)	(17.7)
Deferred tax liabilities on the revaluation of investment properties	**47.1**	47.2	56.3
EPRA net asset value	**657.3**	579.0	626.0
Basic net assets per share (pence)	**296.3**	256.4	281.5
EPRA basic net assets per share (pence)	**314.1**	278.1	300.0
Diluted net assets per share (pence)	**295.0**	254.6	279.5
EPRA diluted net assets per share (pence)	**312.6**	276.1	297.9
	Number	**Number**	**Number**
Shares in issue	**209,289,938**	208,210,529	208,656,168

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 16,263 shares (April 2016: 80,420 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 973,694 shares (April 2016: 1,462,774 shares). As an industry standard measure, European Public Real Estate Association ("EPRA") net asset values are presented.

13 Borrowings

As explained in note 18, the Group has refinanced its borrowings arrangements since the period end. The tables below set out the Group's borrowings position as at 30 April 2017, which has been superseded as a result of the refinancing:

Non-current	**As at 30 April 2017 (unaudited) £m**	As at 30 April 2016 (unaudited) £m	As at 31 October 2016 (audited) £m
Borrowings:			
Secured - bank loans	**225.7**	180.4	224.8
Secured - US Private placement notes	**87.2**	77.3	92.7
Debt issue costs	**(1.5)**	(2.0)	(1.8)
	311.4	255.7	315.7

Notes to the interim report for the six months ended 30 April 2017 (continued)

13 Borrowings (continued)

The bank loan facility agreement expires in June 2020. The private placement notes have $65.6m (31 October 2016: $65.6m) due for repayment in 2019 and $47.3m (31 October 2016: $47.3m) due for repayment in 2024.

The borrowings were secured by a fixed charge over the Group's investment property portfolio.

Borrowings are stated before unamortised issue costs of £1.5m (31 October 2016: £1.8m). The bank loans and private placement notes were repayable as follows:

	As at 30 April 2017 (unaudited) £m	As at 30 April 2016 (unaudited) £m	As at 31 October 2016 (audited) £m
Between two and five years	**276.4**	225.3	278.7
After more than five years	**36.5**	32.4	38.8
Borrowings	**312.9**	257.7	317.5
Unamortised issue costs	**(1.5)**	(2.0)	(1.8)
	311.4	255.7	315.7

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

	As at 30 April 2017 (unaudited)	As at 30 April 2016 (unaudited)	As at 31 October 2016 (audited)
Bank loans	Monthly LIBOR plus 1.50%	Quarterly or monthly LIBOR plus 1.50%	Quarterly or monthly LIBOR plus 1.50%
Bank loans	Quarterly or monthly EURIBOR plus 1.50%	Quarterly EURIBOR plus 1.50%	Quarterly or monthly EURIBOR plus 1.50%
Private placement notes	Weighted average rate of 6.21%	Weighted average rate of 6.21%	Weighted average rate of 6.21%

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 2017 (unaudited) £m	As at 30 April 2016 (unaudited) £m	As at 31 October 2016 (audited) £m
Expiring beyond one year	**84.2**	125.5	89.2

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 2017	As at 30 April 2016	As at 31 October 2016
	(unaudited)	(unaudited)	(audited)
Assets per the balance sheet	**£m**	£m	£m
Derivative financial instruments – Level 2	**13.0**	4.3	20.9

	As at 30 April 2017	As at 30 April 2016	As at 31 October 2016
	(unaudited)	(unaudited)	(audited)
Liabilities per the balance sheet	**£m**	£m	£m
Derivative financial instruments – Level 2	**3.1**	2.4	3.4

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.

Notes to the interim report for the six months ended 30 April 2017 (continued)

15 Share capital

	As at 30 April 2017	As at 30 April 2016	As at 31 October 2016
	(unaudited)	(unaudited)	(audited)
Called up, issued and fully paid	**£m**	£m	£m
209,306,201 (30 April 2016: 208,290,949) ordinary shares of 1p each	**2.1**	2.1	2.1

16 Capital commitments

The Group had capital commitments of £1.2m as at 30 April 2017 (April 2016: £18.7m).

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 2016, 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 47.8% (April 2015: 48.1%) of the annual level of self-storage revenue in the year ended 31 October 2016.

18 Post balance sheet events

On 19 May 2017, the Group announced the refinancing of its 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. Further details are set out in the Financial Review section of this report.

Notes to the interim report for the six months ended 30 April 2017 (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 15 and 16 of the Annual Report and Financial Statements for the year ended 31 October 2016, 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 2016 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 2017

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 2016. 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
14 June 2017
Chief Executive Officer

Andrew Jones
14 June 2017
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 2017 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 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 2017 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
14 June 2017