

Report of the Directors and
Financial Statements for the year ended 31 October 2005
for
SPACES PERSONAL STORAGE LIMITED



SPACES PERSONAL STORAGE LIMITED

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SPACES PERSONAL STORAGE LIMITED

Company Information
for the year ended 31 October 2005

DIRECTORS:	S W Williams R D Hodsdon
SECRETARY:	R D Hodsdon
REGISTERED OFFICE:	Brittanic House Stirling Way Borehamwood Hertfordshire WD6 2BT
REGISTERED NUMBER:	3512289 (England and Wales)
AUDITORS:	PricewaterhouseCoopers LLP Cornwall Court 19 Cornwall Street Birmingham B3 2DT
BANKERS:	National Westminster Bank Plc P O Box No 34 15 Bishopsgate London EC2P 2AP
SOLICITORS:	Wragge & Co 55 Colmore Row Birmingham B3 2AS

SPACES PERSONAL STORAGE LIMITED

Report of the Directors for the year ended 31 October 2005

The directors present their report with the audited financial statements of the company for the year ended 31 October 2005.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of self storage.

REVIEW OF BUSINESS

The financial position of the company is as shown in the annexed financial statements.

DIVIDENDS

An interim dividend of £5.66 per share was paid on 31 October 2005. The directors recommend that no final dividend be proposed.

No dividends were recommended or paid in the previous financial year to 31 October 2004.

DIRECTORS

The directors during the year under review were:

S W Williams
R D Hodsdon

The directors holding office at 31 October 2005 did not hold any beneficial interest in the issued share capital of the company at 1 November 2004 or 31 October 2005.

The directors in office at 31 October 2005 are also directors of the intermediate parent undertaking, Safestore Holdings Limited, and their interests in the share capital of Safestore Holdings Limited are shown in the directors' report of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



R D Hodsdon - Secretary
7 June 2006

**Report of the Independent Auditors to the members of
Spaces Personal Storage Limited**

We have audited the financial statements of Spaces Personal Storage Limited for the year ended 31 October 2005, which comprise the profit and loss account, balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and *International Standards on Auditing (UK and Ireland)*. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

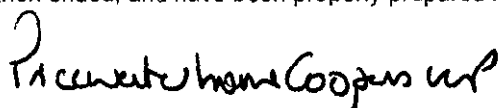
Basis of audit opinion

We conducted our audit in accordance with *International Standards on Auditing (UK and Ireland)* issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2005 and of its profit for the year then ended; and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
7 June 2006

SPACES PERSONAL STORAGE LIMITED

Profit and Loss Account for the year ended 31 October 2005

	Note	2005 £	2004 £
TURNOVER		-	-
Administrative expenses		<u>(236,661)</u>	<u>7,085</u>
		(236,661)	7,085
Other operating income		<u>1,935,000</u>	<u>1,805,000</u>
OPERATING PROFIT	3	1,698,339	1,812,085
Interest receivable and similar income	4	<u>1,194,792</u>	<u>543,992</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,893,131	2,356,077
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		2,893,131	2,356,077
Dividends	6	<u>(5,100,000)</u>	<u>-</u>
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR	12	<u><u>(2,206,869)</u></u>	<u><u>2,356,077</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the (loss)/retained profit for the current or previous year.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

SPACES PERSONAL STORAGE LIMITED

Balance Sheet 31 October 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	7	20,775,942	15,300,864
Investments	8	<u>16,652,296</u>	<u>16,652,296</u>
		37,428,238	31,953,160
CURRENT ASSETS			
Debtors	9	<u>7,429,440</u>	<u>15,111,387</u>
NET CURRENT ASSETS		<u>7,429,440</u>	<u>15,111,387</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		44,857,678	47,064,547
PROVISIONS FOR LIABILITIES AND CHARGES	10	<u>(75,000)</u>	<u>(75,000)</u>
NET ASSETS		<u>44,782,678</u>	<u>46,989,547</u>
CAPITAL AND RESERVES			
Called up share capital	11	4,503,189	4,503,189
Share premium	12	36,690,713	36,690,713
Profit and loss account	12	<u>3,588,776</u>	<u>5,795,645</u>
EQUITY SHAREHOLDERS' FUNDS	16	<u>44,782,678</u>	<u>46,989,547</u>

ON BEHALF OF THE BOARD:



R D Hodsden - Director
Approved by the Board on 7 June 2006

SPACES PERSONAL STORAGE LIMITED

Notes to the Financial Statements for the year ended 31 October 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Exemption from preparing consolidated financial statements

The financial statements contain information about Spaces Personal Storage Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Safestore Holdings Limited, a company registered in England and Wales (See note 13).

Tangible fixed assets

Depreciation has been charged at the rate of 2% per annum on the buildings element of the cost of freehold property, after excluding the residual value of the buildings.

Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit. Freehold land is not depreciated.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods which the timing differences are expected to reverse, based on tax rates and laws that have been enacted, or substantially enabled by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Cash flow statement

In accordance with FRS1, the company is not required to present a cash flow statement as it is a wholly owned subsidiary, 90% or more of whose voting rights are controlled within the group. Consolidated accounts, which include the company, are publicly available (see note 13).

Investments

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

2. STAFF COSTS

The company had no employees in the year (2004: none).

3. OPERATING PROFIT

The operating profit is stated after charging:

	2005	2004
	£	£
Depreciation - owned assets (note 7)	97,540	71,211
Impairment of tangible fixed assets (note 7)	139,121	-
Intercompany rent	(1,935,000)	(1,805,000)
Exceptional environmental related provisions	-	(78,296)

Directors' emoluments

-

Directors' emoluments were paid by a fellow group company for both the year ended 31 October 2005 and the year ended 31 October 2004. Auditor's remuneration for both financial years has been borne by another group undertaking.

SPACES PERSONAL STORAGE LIMITED

Notes to the Financial Statements - continued for the year ended 31 October 2005

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005 £	2004 £
Intercompany interest	<u>1,194,792</u>	<u>543,992</u>

Until 31 March 2004, no interest was charged on amounts due from group undertakings. From 1 April 2004, interest has been charged at an average rate of 8% per annum.

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 October 2005 nor for the year ended 31 October 2004.

Factors affecting the tax charge

The tax assessed for the year is lower (2004: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>2,893,131</u>	<u>2,356,077</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	867,939	706,823
Effects of:		
Expenses not deductible for tax purposes	70,998	21,363
Enhanced relief for land remediation expenditure	-	(8,505)
Group relief claimed without payment	(938,937)	(704,698)
Trading losses utilised	<u>-</u>	<u>(14,983)</u>
Current tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

Deferred tax of £26,994 (2004: £26,994) relating to trading losses and £86,580 (2004: £86,580) in respect of capital losses have not been recognised in these financial statements.

6. DIVIDENDS

	2005 £	2004 £
Equity shares:		
Interim	<u>5,100,000</u>	<u>-</u>

SPACES PERSONAL STORAGE LIMITED

Notes to the Financial Statements - continued
for the year ended 31 October 2005

7. TANGIBLE FIXED ASSETS

	Freehold property £
COST	
At 1 November 2004	15,826,618
Transfer to group undertakings	<u>5,847,669</u>
At 31 October 2005	<u>21,674,287</u>
DEPRECIATION	
At 1 November 2004	525,754
Charge for year	97,540
Impairments	139,121
Transfer to group undertakings	<u>135,930</u>
At 31 October 2005	<u>898,345</u>
NET BOOK VALUE	
At 31 October 2005	<u>20,775,942</u>
At 31 October 2004	<u>15,300,864</u>

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 November 2004 and 31 October 2005	<u>16,652,296</u>
NET BOOK VALUE	
At 31 October 2005	<u>16,652,296</u>
At 31 October 2004	<u>16,652,296</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

	Shareholding	Incorporation	Business
Safestore Trading Limited	100%	UK	Provision of self storage
Metrostore Group Limited	100%	UK	Provision of self storage
Starmodex Limited*	100%	UK	Provision of self storage

*Starmodex Limited is a 100% wholly owned subsidiary of Metrostore Group Limited.

SPACES PERSONAL STORAGE LIMITED

Notes to the Financial Statements - continued for the year ended 31 October 2005

8. FIXED ASSET INVESTMENTS - continued

Safestore SA

Country of incorporation: France

Nature of business: Provision of self storage (not trading)

Class of shares:	%
Ordinary	holding 100.00

Safestore SA is a 100% wholly owned subsidiary of Safestore Trading Limited.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Amounts owed by group undertakings	7,252,959	14,934,906
Prepayments and accrued income	<u>176,481</u>	<u>176,481</u>
	<u>7,429,440</u>	<u>15,111,387</u>

Until 31 March 2004, no interest was charged on amounts due from group undertakings. From 1 April 2004, interest has been charged at an average rate of 8% per annum. Amounts owed by group undertakings are repayable on demand.

10. PROVISIONS FOR LIABILITIES AND CHARGES

	2005 £	2004 £
Other provisions		
Provision for legal costs	<u>75,000</u>	<u>75,000</u>

		Other provisions £
Balance at 1 November 2004 and at 31 October 2005		<u>75,000</u>

The provision for legal costs relates to ongoing legal costs and possible costs in relation to a property claim and is expected to unwind between 1 to 2 years.

11. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2005 £	2004 £
1,402,600	Ordinary shares	5p	<u>70,130</u>	<u>70,130</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2005 £	2004 £
900,600	Ordinary shares	5p	<u>4,503,189</u>	<u>4,503,189</u>

SPACES PERSONAL STORAGE LIMITED

Notes to the Financial Statements - continued for the year ended 31 October 2005

12. RESERVES

	Profit and loss account £	Share premium £	Total £
At 1 November 2004	5,795,645	36,690,713	42,486,358
Loss for the financial year	(2,206,869)	-	(2,206,869)
At 31 October 2005	<u>3,588,776</u>	<u>36,690,713</u>	<u>40,279,489</u>

13. INTERMEDIATE AND ULTIMATE PARENT COMPANY

The intermediate parent company is Safestore Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Safestore Holdings Limited is the smallest group of which the company is a member and for which consolidated financial statements are prepared. Copies of Safestore Holdings Limited group accounts are available from the company's registered office at Brittan House, Stirling Way, Borehamwood, Hertfordshire, WD6 2BT.

Bridgepoint Capital Limited and its associated investment funds hold over 50% of the equity of Safestore Holdings Limited. As a result the directors consider that the group is effectively controlled by Bridgepoint Capital Limited, the registered office of which is at 101 Finsbury Pavement, London, EC2A 1EJ.

14. CONTINGENT LIABILITIES

As part of the group banking, the company has guaranteed the borrowings (£132.3 million) of fellow group undertakings by way of a charge over all of its property and assets. There are similar cross guarantees provided by group companies in respect of any bank borrowings which the company may draw under a group facility agreement.

15. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions granted under paragraph 3 of FRS8, Related Party Disclosures, and has not made disclosures of transactions with other group companies.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the financial year	2,893,131	2,356,077
Dividends	(5,100,000)	-
Net (reduction)/addition to shareholders' funds	(2,206,869)	2,356,077
Opening shareholders' funds	<u>46,989,547</u>	<u>44,633,470</u>
Closing shareholders' funds	<u>44,782,678</u>	<u>46,989,547</u>
Equity interests	<u>44,782,678</u>	<u>46,989,547</u>