

Parent of #03082689
see pg 26 rule 14

Company Registration No. 10390114 (England and Wales)

TKG-STORAGEMART PARTNERS UK LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022



TKG-STORAGEMART PARTNERS UK LIMITED

COMPANY INFORMATION

Directors	E S Kroenke M G Burnam R O Maly
Company number	10390114
Registered office	1 Paternoster Square London England EC4M 7DX
Auditor	RSM UK Audit LLP Chartered Accountants 3rd Floor Portland 25 High Street Crawley West Sussex RH10 1BG

TKG-STORAGEMART PARTNERS UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

The group is owned by StorageMart which is headquartered in the United States and is the world's largest privately-owned self-storage company with facilities spanning the United States, Canada, and the United Kingdom. StorageMart owns/operates 273 facilities globally, comprising more than 19 million square feet of rentable space. The principal activity of StorageMart is the provision of self-storage units, which accounts for approximately 91% of total revenue.

As of 31 December 2022, the group operated from 18 storage centres in the South/Southeast of England. Some locations also provide rental of business units and offices. Additional income is derived from the sale of insurance for customers' goods and from a range of packing merchandise.

The storage unit, business unit, and office licenses are generally based on a simple prepaid contract (priced by week) paid monthly, which automatically renews at the beginning of the next payment cycle. Customers may terminate a contract at any time. Certain office and business unit rentals are contracted under slight variations to the base arrangement.

The group focuses primarily on growth via acquisition of existing facilities, but does occasionally develop new sites from the ground up or redevelops existing real estate in target markets. The group mainly targets freehold sites, with 14 of the 18 sites in the UK being either freehold or long leasehold.

As of 31 December 2022, StorageMart offered customers approximately 747,000 square feet of storage space at its 18 locations. The 18 sites were at an average 80% (2021: 81%) occupancy, reflecting additional opportunity for future revenue growth.

Self-storage is a growing industry in the UK and Europe, with more than 2,000 self-storage stores in the UK alone. The US has approximately 51,000 facilities, providing a penetration of 6 square feet of rentable space per capita, and utilization by about 11% of the population. By contrast, the UK has a penetration of just 0.8 square feet per capita. At any time in the UK, only about 2.8% of the population utilizes self-storage.

StorageMart primarily generates new customers via its website, by using SEO and paid advertising strategies, email marketing, programmatic and predictive advertising, and through content and social media marketing. Alternative customer sources include storage centre visibility (drive-by) and generally by recommendation/word of mouth. Online reputation management is also a core principle of StorageMart, which generates user reviews on major platforms such as Google Maps.

StorageMart puts a strong emphasis on the value of leads generated through web and other sales funnels by providing a robust e-learning manager certification program, designed to improve the rate at which leads turn into rentals, and also create efficiencies around operating procedures. Other methods through which StorageMart supports new lead generation and current customer inquiries include a proprietary call centre dedicated to answer inbound phone calls. Through the call centre, a customer can reserve or rent a storage unit.

Principal risks and uncertainties

The key risks to the continued execution of the strategy of the business are:

- Increase in direct competition within a three-mile radius of any single store
- Continued investment in new development stores
- Development of enquiry generation through new media

The group has had several new competitors open within its operating areas over the last 10+ years and has opened new stores in areas with already strong competition present. In each case, evidence points to growth in the local market by increased knowledge of the existence of the product.

TKG-STORAGEMART PARTNERS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

	December 2022 52 weeks	December 2021 65 weeks
Occupancy	80%	81%
Revenue	£16.538m	£18.254m
Gross profit	£11.940m	£12.933m
EBITDA	£10.866m	£11.639m
EBITDA %	66%	64%

EBITDA is calculated as the earnings before interest, tax, depreciation, amortisation, fair value adjustments on derivatives and amortisation of capitalised loan costs.

Going concern

The group made a profit before tax of £5.0m for the year ended 31 December 2022.

The group carries a £113m banking facility repayable in November 2024. The facility bears a variable interest rate capped at 5.25%. Based on this, forecasts approved by the Board and confirmation from SMARTCO Properties, L.P., the company's ultimate parent undertaking, that it will not take any actions which would be detrimental to the group's or the company's status as a going concern, at the time of approving the financial statements the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Future Plans and Developments

A significant amount of capital, systems, and processes have been deployed in all regions to bring an easy and clean service to our customers and mirror customer experiences in the US and Canada. We continue to assess the markets we're in and will continue to acquire where and when it makes economic sense. The group will continue to focus on occupancy and margin improvement.

On behalf of the board

Mike Burnam

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M G Burnam

Director 28/03/23

Date:

TKG-STORAGEMART PARTNERS UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the Company is that of a holding company. The principal activity of the Group is the provision of self storage facilities and ancillary services.

Results and dividends

The results for the year are set out on page 8.

During the prior financial period, the company changed its year end from 30 September to 31 December. Based on this, the competitive in these financial statements represent a 15 month period.

No ordinary dividends were paid. The directors do not recommend payment of a dividend.

Financial risk management

The main financial risk facing the group is interest rate risk. The group has a loan facility of £113 million, which bears interest at SONIA plus 3.25%. The group has an interest rate cap which caps SONIA at 2%. Management does not consider either liquidity or credit risk to be significant to the group.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

E S Kroenke
M G Burnam
R O Maly

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

Matters required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report in Accordance with S.414c (11) of the Companies Act 2006, such as the future developments of the group.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mike Burnam

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M G Burnam
Director

28/03/23
Date:

TKG-STORAGEMART PARTNERS UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TKG-STORAGEMART PARTNERS UK LIMITED

Opinion

We have audited the financial statements of TKG-StorageMart Partners UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TKG-STORAGEMART PARTNERS UK LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TKG-STORAGEMART PARTNERS UK LIMITED (CONTINUED)

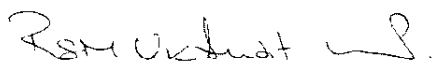
As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and tax computations.

The group audit engagement team identified the risk of management override of controls and completeness of revenue as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, performing substantive tests of detail and analytical review of revenues.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Geoff Wighwick BA FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor
Portland
25 High Street
Crawley
West Sussex, RH10 1BG

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29/03/23

TKG-STORAGEMART PARTNERS UK LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 December 2022 £	Period ended 31 December 2021 £
	Notes		
Turnover	3	16,537,862	18,254,197
Cost of sales		(4,597,534)	(5,321,685)
Gross profit		11,940,328	12,932,512
Administrative expenses		(5,996,045)	(7,417,939)
Other operating income		-	24,342
Operating profit	5	5,944,283	5,538,915
Interest receivable and similar income	7	-	54
Interest payable and similar expenses	8	(5,829,199)	(4,336,892)
Other gains and losses	9	4,840,201	-
Profit before taxation		4,955,285	1,202,077
Tax on profit	10	(1,442,240)	(5,667,085)
Profit/(loss) for the financial year		3,513,045	(4,465,008)

Profit/(loss) and total comprehensive income for the financial period is all attributable to the owners of the parent company.

TKG-STORAGEMART PARTNERS UK LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Goodwill	11	5,691,819		7,189,649	
Negative goodwill	11	(726,928)		(745,698)	
Net goodwill		4,964,891		6,443,951	
Other intangible assets	11	634		2,082	
Total intangible assets		4,965,525		6,446,033	
Tangible assets	12	116,961,824		117,292,416	
		121,927,349		123,738,449	
Current assets					
Stocks	15	64,077		72,657	
Debtors	16	30,957,813		26,724,495	
Cash at bank and in hand		4,683,694		3,231,691	
		35,705,584		30,028,843	
Creditors: amounts falling due within one year	17	(4,027,967)		(3,538,412)	
Net current assets		31,677,617		26,490,431	
Total assets less current liabilities		153,604,966		150,228,880	
Creditors: amounts falling due after more than one year	18	(113,000,000)		(113,000,000)	
Provisions for liabilities	21	(17,421,484)		(17,558,443)	
Net assets		23,183,482		19,670,437	
Capital and reserves					
Called up share capital	23	7,637,291		7,637,291	
Profit and loss reserves	26	15,546,191		12,033,146	
Total equity		23,183,482		19,670,437	

The financial statements were approved by the board of directors and authorised for issue on 28/03/23 and are signed on its behalf by:

Mike Burnam

M G Burnam
Director

TKG-STORAGEMART PARTNERS UK LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investments	13	37,637,291		37,637,291	
Current assets					
Debtors	16	23,722,380		23,853,974	
Creditors: amounts falling due within one year	17	(24,584,298)		(24,715,892)	
Net current liabilities			(861,918)		(861,918)
Total assets less current liabilities			36,775,373		36,775,373
Capital and reserves					
Called up share capital	23	7,637,291		7,637,291	
Profit and loss reserves	26	29,138,082		29,138,082	
Total equity			36,775,373		36,775,373

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the period was £0 (2021 - £176,552 loss).

The financial statements were approved by the board of directors and authorised for issue on 28/03/23 and are signed on its behalf by:

Mike Burnam

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M G Burnam
Director

TKG-STORAGEMART PARTNERS UK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2020		37,637,291	(13,501,846)	24,135,445
Period ended 31 December 2021:				
Loss and total comprehensive income for the period		-	(4,465,008)	(4,465,008)
Redemption of shares	23	(30,000,000)	30,000,000	-
Balance at 31 December 2021		7,637,291	12,033,146	19,670,437
Year ended 31 December 2022:				
Profit and total comprehensive income for the year		-	3,513,045	3,513,045
Balance at 31 December 2022		7,637,291	15,546,191	23,183,482

TKG-STORAGEMART PARTNERS UK LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2020		37,637,291	(685,366)	36,951,925
Period ended 31 December 2021:				
Loss and total comprehensive income for the period		-	(176,552)	(176,552)
Redemption of shares	23	(30,000,000)	30,000,000	-
Balance at 31 December 2021		7,637,291	29,138,082	36,775,373
Year ended 31 December 2022:				
Profit and total comprehensive income for the year		-	-	-
Balance at 31 December 2022		7,637,291	29,138,082	36,775,373

TKG-STORAGEMART PARTNERS UK LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	24	11,005,711		8,780,951	
Interest paid		(4,912,754)		(3,760,839)	
Income taxes paid		(1,530,580)		(399,890)	
Net cash inflow from operating activities		4,562,377		4,620,222	
Investing activities					
Purchase of tangible fixed assets		(3,110,374)		(408,591)	
Purchase of tangible fixed assets (business combinations)		-	(11,413,233)		
Loan to group entity		-	(21,019,169)		
Interest received		-	54		
Net cash used in investing activities		(3,110,374)		(32,840,939)	
Financing activities					
Proceeds from borrowings		-	113,000,000		
Repayment of borrowings		-	(83,453,610)		
Proceeds from other loans		-	9,520,000		
Repayment of other loans		-	(9,520,000)		
Net cash (used in)/generated from financing activities		-		29,546,390	
Net increase in cash and cash equivalents		1,452,003		1,325,673	
Cash and cash equivalents at beginning of year		3,231,691		1,906,018	
Cash and cash equivalents at end of year		4,683,694		3,231,691	

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

TKG-StorageMart Partners UK Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 1 Paternoster Square, London, England, EC4M 7DX.

The group consists of TKG-StorageMart Partners UK Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosure framework

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of TKG-StorageMart Partners UK Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the period are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Going concern

The group generated a profit before tax of £4.9m for the year ended 31 December 2022.

The group carries a £113m banking facility repayable in November 2024. The facility bears a variable interest rate capped at 5.25%. Based on this, forecasts approved by the Board and confirmation from SMARTCO Properties, L.P., the company's ultimate parent undertaking, that it will not take any actions which would be detrimental to the group's or the company's status as a going concern, at the time of approving the financial statements the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the group's ordinary activities after deduction of trade discounts and any applicable value added tax. Income from the provision of both self storage facilities and non-storage services is recognised in the period in which it is earned.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

Negative goodwill arises when the cost of a business combination is less than the fair value of the interest in the identifiable assets, liabilities and contingent liabilities acquired. The amount up to the fair value of the non-monetary assets acquired is credited to profit or loss in the period in which those non-monetary assets are recovered. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit or loss in the periods expected to benefit, which is considered to be 40 years.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	33% reducing balance
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	Straight line over 7 - 40 years
Long term leasehold buildings	Straight line over lower of 40 years and remaining lease term
Short term leasehold land and buildings	Straight line over remaining lease term
Fixtures and fittings	15% reducing balance
	10.7% reducing balance
	5% reducing balance

Freehold and long leasehold land and assets in the course of construction are not depreciated. Included within long and short term leasehold properties are leasehold improvements which are depreciated at a rate of 7.5% - 30% reducing balance.

Only capital items with a value of £250 or more are capitalised. All assets are subject to a full year of depreciation in the year they are acquired.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock over its estimated net realisable value is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The interest rate caps are used to reduce the Group's exposure to fluctuations in SONIA, the underlying interest rate on the external debt. The Group is responsible for monitoring the daily exposure of these contracts to ensure the overall effectiveness of these positions.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allowed for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Goodwill

Management makes an annual assessment of any indicators that goodwill may be impaired. In doing so, management applies judgement and considers the detailed criteria set out in FRS 102 section 27. This includes factors such as whether there is any evidence of a decline in the value of the group's properties, whether there has been any adverse change in the market for self storage, and whether market interest rates have changed which might impact the discount rate used in assessing the value in use of the group's assets.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Negative goodwill

Management measures the fair value of the separable net assets acquired in a business combination. This involves estimating a value in use of the acquired assets using either asset prices observed for similar assets, or discounted future cash flows from self storage activities. The key estimates involved include future revenues and costs and the appropriate discount rate to apply to those cash flows. If the resulting fair value of the assets was higher or lower, the amount of negative goodwill recognised would change accordingly.

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Provision of self-storage facilities	15,209,049	16,732,224
Provision of insurance on self-storage facilities	1,328,813	1,521,973
	<u>16,537,862</u>	<u>18,254,197</u>
	2022 £	2021 £
Other revenue		
Interest income	-	54
Grants received	-	24,342
	<u>-</u>	<u>24,342</u>

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue (Continued)

	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	16,537,862	18,254,197

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Administration and sales	46	44	-	-

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	1,595,861	1,817,702	-	-
Social security costs	172,723	184,709	-	-
Pension costs	67,217	75,650	-	-
	1,835,801	2,078,061	-	-

The directors receive no remuneration in respect of qualifying services (2021: £nil).

5 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(24,342)
Depreciation of owned tangible fixed assets	3,438,061	4,201,880
Amortisation of intangible assets	1,483,413	1,898,448
Operating lease charges	505,769	575,893

The amortisation of intangible assets is included within administration expenses.

Government grants of £nil (2021: £24,342) represents grant income receivable in respect of the Coronavirus Job Retention Scheme in the UK.

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	11,250	15,250
Audit of the financial statements of the company's subsidiaries	92,450	76,000
	<u>103,700</u>	<u>91,250</u>

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Other interest income	-	54
	<u>-</u>	<u>54</u>

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	5,041,482	4,209,811
Amortisation of capitalised loan costs	787,717	127,081
Total finance costs	<u>5,829,199</u>	<u>4,336,892</u>

9 Other gains and losses

	2022 £	2021 £
Fair value gains on financial instruments		
Fair value gains on derivatives	4,840,201	-
	<u>4,840,201</u>	<u>-</u>

The Group holds a 2% interest rate cap arrangement to mitigate interest rate exposure arising from the variable element of the interest charge on the external loan.

10 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	1,617,000	1,568,381
Adjustments in respect of prior periods	(37,801)	(33,053)
Total current tax	<u>1,579,199</u>	<u>1,535,328</u>

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

10 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	6,765	56,323
Changes in tax rates	5,520	4,075,434
Adjustment in respect of prior periods	(149,244)	-
Total deferred tax	(136,959)	4,131,757
Total tax charge	1,442,240	5,667,085

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	4,955,285	1,202,077
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	941,504	228,395
Tax effect of expenses that are not deductible in determining taxable profit	470,850	351,158
Gains not taxable	(82,775)	-
Adjustments in respect of prior years	(37,801)	(33,053)
Effect of change in corporation tax rate	5,520	4,075,434
Other permanent differences	(101)	(103,468)
Deferred tax adjustments in respect of prior years	(149,244)	-
Deferred tax not recognised	-	7,968
Fixed asset timing differences	622,332	1,129,707
Losses eliminated	-	10,944
Other timing differences	(328,045)	-
Taxation charge	1,442,240	5,667,085

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase of the corporation tax rate to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date, deferred tax is recognised at a rate of 25% in the current year (2021: 25%).

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Intangible fixed assets

Group	Goodwill	Negative goodwill	Software	Total
	£	£	£	£
Cost				
At 1 January 2022	15,092,483	(750,789)	173,322	14,515,016
Transfers	-	-	2,905	2,905
At 31 December 2022	15,092,483	(750,789)	176,227	14,517,921
Amortisation and impairment				
At 1 January 2022	7,902,834	(5,091)	171,240	8,068,983
Amortisation charged for the year	1,497,830	(18,770)	4,353	1,483,413
At 31 December 2022	9,400,664	(23,861)	175,593	9,552,396
Carrying amount				
At 31 December 2022	5,691,819	(726,928)	634	4,965,525
At 31 December 2021	7,189,649	(745,698)	2,082	6,446,033

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021.

Negative goodwill of £750,789 arose on the acquisition of the assets of CityStore Self Storage Aylesbury and Dunstable on 23 September 2021.

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Tangible fixed assets

Group	Freehold buildings	Long term leasehold buildings	Short term leasehold land and buildings	Assets under construction	Fixtures and fittings	Total
	£	£	£	£	£	£
Cost						
At 1 January 2022	103,942,223	21,157,850	5,454,264	165,936	1,640,477	132,360,750
Additions	2,829,815	58,209	36,833	54,002	131,515	3,110,374
Transfers	107,959	-	460	(116,136)	4,812	(2,905)
At 31 December 2022	106,879,997	21,216,059	5,491,557	103,802	1,776,804	135,468,219
Depreciation and impairment						
At 1 January 2022	9,707,173	2,972,755	1,774,265	-	614,141	15,068,334
Depreciation charged in the year	2,192,031	513,324	472,574	-	260,132	3,438,061
At 31 December 2022	11,899,204	3,486,079	2,246,839	-	874,273	18,506,395
Carrying amount						
At 31 December 2022	94,980,793	17,729,980	3,244,718	103,802	902,531	116,961,824
At 31 December 2021	94,235,050	18,185,095	3,679,999	165,936	1,026,336	117,292,416

The company had no tangible fixed assets at 31 December 2022 or 31 December 2021.

All tangible fixed assets have been pledged as security in favour of the group's borrowing as noted in note 19.

13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	-	-	37,637,291	37,637,291
Movements in fixed asset investments					
Company					Shares in group undertakings £
Cost or valuation					
At 1 January 2022 and 31 December 2022					37,637,291
Carrying amount					
At 31 December 2022					37,637,291
At 31 December 2021					37,637,291

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Big Box MidCo UK Limited	1 Paternoster Square, London, England, EC4m 7DX	Holding company	Ordinary	100.00	
Absolute Uckfield Ltd*	As above	Collection agent	Ordinary	-	100.00
BBSC HW Ltd*	As above	Collection agent	Ordinary	-	100.00
BBSC Ins Limited*	As above	Provision of Insurance on storage sites	Ordinary	-	100.00
BBSC Ton Limited*	As above	Collection agent	Ordinary	-	100.00
Big Box BidCo UK Limited	As above	Holding company	Ordinary	-	100.00
Big Box Storage Centres Limited	As above	Provision of self storage solutions	Ordinary	-	100.00
Bix Box Storage Company Limited*	As above	Collection agent	Ordinary	-	100.00
Casehouse Limited*	As above	Holding company	Ordinary	-	100.00
Keepsafe Brighton Trading Limited*	As above	Collection agent	Ordinary	-	100.00
Self Storage Space (UK) Limited*	As above	Collection agent	Ordinary	-	100.00
Strandbase Limited*	As above	Collection agent	Ordinary	-	100.00
SMARTCO TRS UK Ltd*	As above	Business support service activities	Ordinary	-	100.00

All companies above denoted with a * are exempt from audit by virtue of Section 479A of the Companies Act 2006. In accordance with Section 479A of the Companies Act 2006, TKG-StorageMart Partners UK Limited has provided guarantees over the liabilities of these subsidiaries, as disclosed in note 26.

15 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Finished goods and goods for resale	64,077	72,657	-	-

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

16 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	38,959	74,862	-	-
Unpaid share capital	157	156	-	-
Amounts owed by group undertakings	23,722,380	23,853,974	23,722,380	23,853,974
Other debtors	2,779	-	-	-
Prepayments and accrued income	1,408,390	1,346,631	-	-
	<u>25,172,665</u>	<u>25,275,623</u>	<u>23,722,380</u>	<u>23,853,974</u>
Amounts falling due after more than one year:				
Derivative financial instruments	5,090,256	-	-	-
Prepayments	694,892	1,448,872	-	-
	<u>5,785,148</u>	<u>1,448,872</u>	<u>-</u>	<u>-</u>
Total debtors	<u>30,957,813</u>	<u>26,724,495</u>	<u>23,722,380</u>	<u>23,853,974</u>

17 Creditors: amounts falling due within one year

	Group 2022 £	2021 £	Company 2022 £	2021 £
Trade creditors	527,080	304,891	-	-
Amounts owed to group undertakings	-	-	24,584,298	24,715,892
Corporation tax payable	1,617,000	1,568,381	-	-
Other taxation and social security	496,344	791,918	-	-
Other creditors	16,194	19,514	-	-
Accruals and deferred income	1,371,349	853,708	-	-
	<u>4,027,967</u>	<u>3,538,412</u>	<u>24,584,298</u>	<u>24,715,892</u>

Included within other creditors is £10,002 (2021: £5,455) of unpaid pension contributions at the year end.

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

18 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Other borrowings	19	113,000,000	113,000,000	-	-

19 Borrowings

		Group 2022 £	2021 £	Company 2022 £	2021 £
Other loans		113,000,000	113,000,000	-	-
Payable after one year		113,000,000	113,000,000	-	-

In 2021 the company refinanced the third party loan and a further £30m was drawn down from the same lender. The loan is due to be repaid in full on 18 November 2024. Interest is charged on a quarterly basis at a rate of SONIA + 3.25% per annum, with a 2% cap on SONIA.

The loan is secured by fixed and floating charges over the company's assets, and cross-guarantees provided by the company's subsidiary undertakings.

20 Financial instruments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	5,090,256	-	-	-

The Group holds a 2% interest rate cap arrangement to mitigate interest rate exposure arising from the variable element of the interest rate charge on the external loan.

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

21 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2022 £	Liabilities 2021 £
Group		
Accelerated capital allowances	701,528	487,420
Revaluations	16,719,956	17,071,023
	<u>17,421,484</u>	<u>17,558,443</u>

The company has no deferred tax assets or liabilities.

	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 January 2022	17,558,443	-
Credit to profit or loss	(136,959)	-
Liability at 31 December 2022	<u>17,421,484</u>	<u>-</u>

The deferred tax liability set out above, excluding that relating to revaluations, is expected to reverse within 36 months and relates to accelerated capital allowances and other timing differences that are expected to mature within the same period. The deferred tax liability in respect of revaluations is expected to reverse over 40 years and relates to revaluation gains on land and buildings which are not expected to be sold in the near future.

22 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>67,217</u>	<u>75,650</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

	2022 Number	Group and Company 2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	<u>7,637,291</u>	<u>7,637,291</u>	<u>7,637,291</u>	<u>7,637,291</u>

The company's Ordinary shares carry full voting rights and an entitlement to receive dividends and distributions under all circumstances.

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

23 Share capital (Continued)

During the prior period, a special resolution was passed reducing the company's ordinary £1 shares from 37,637,291 to 7,637,291.

24 Cash generated from group operations

	2022 £	2021 £
Profit/(loss) for the year after tax	3,513,045	(4,465,008)
Adjustments for:		
Taxation charged	1,442,240	5,667,085
Finance costs	5,829,199	3,760,839
Investment income	-	(54)
Amortisation and impairment of intangible assets	1,483,413	1,898,448
Depreciation and impairment of tangible fixed assets	3,438,061	4,201,880
Other gains and losses	(4,840,201)	-
Movements in working capital:		
Decrease/(increase) in stocks	8,580	(18,296)
Decrease/(increase) in debtors	606,883	(2,342,851)
(Decrease)/increase in creditors	(475,509)	78,908
Cash generated from operations	11,005,711	8,780,951

25 Analysis of changes in net debt - group

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	3,231,691	1,452,003	4,683,694
Borrowings excluding overdrafts	(113,000,000)	-	(113,000,000)
	(109,768,309)	1,452,003	(108,316,306)

26 Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

27 Financial commitments, guarantees and contingent liabilities

In order for the subsidiary companies Strandbase Limited, Keepsafe Brighton Trading Limited, BBSC Ins Ltd, BBSC HW Ltd, Big Box Storage Company Ltd, BBSC Ton Limited, Casehouse Limited, Self Storage Space (UK) Limited, SMARTCO TRS UK Limited and Absolute Uckfield Limited to take the audit exemption under section 479A of the Companies Act 2006, the company has guaranteed all outstanding liabilities of those subsidiary companies at 31 December 2022 until those liabilities are satisfied in full.

TKG-STORAGEMART PARTNERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

28 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	440,730	436,980	-	-
Between one and five years	1,411,108	1,736,983	-	-
In over five years	2,493,292	2,630,813	-	-
	<u>4,345,130</u>	<u>4,804,776</u>	<u>-</u>	<u>-</u>

29 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Cash advanced		Repayments	
	2022 £	2021 £	2022 £	2021 £
Group				
Entities with control, joint control or significant influence over the company	-	30,850,583	131,596	9,612,065
	<u>-</u>	<u>30,850,583</u>	<u>131,596</u>	<u>9,612,065</u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2022 Balance £	2021 Balance £
Group		
Entities with control, joint control or significant influence over the group	23,722,378	23,853,974
	<u>23,722,378</u>	<u>23,853,974</u>

Remuneration of key management personnel

The directors are considered to be the key management personnel. No remuneration was paid or is payable to key management personnel in respect of their services to the Group or Company for the current period or previous year.

30 Controlling party

The immediate parent company is UK TKG Stagemart Partners, L.P., a company incorporated in the United States of America. The ultimate parent undertaking of the company is SMARTCO Properties, L.P., an entity incorporated in the United States of America. The registered office for SMARTCO Properties, L.P. is Corporation Trust Center 1209 Orange St, Wilmington, DE 19801. The ultimate controlling party is Mr E S Kroenke.