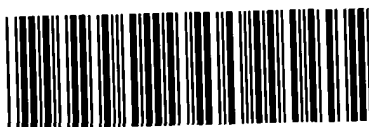


**Strategic Report, Directors' Report and
Financial Statements for the Year Ended 31 October 2018
for
SAFESTORE ACQUISITION LIMITED**

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for the year ended 31 October 2018**

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SAFESTORE ACQUISITION LIMITED

**Company Information
for the year ended 31 October 2018**

DIRECTORS:	A B Jones F Vecchioli
REGISTERED OFFICE:	Brittanic House Stirling Way Borehamwood Hertfordshire WD6 2BT United Kingdom
REGISTERED NUMBER:	04835087 (England and Wales)
INDEPENDENT AUDITOR:	Deloitte LLP Statutory Auditor Hill House 1 Little New Street London EC4A 3TR United Kingdom
BANKERS:	National Westminster Bank Plc P O Box No 34 15 Bishopsgate London EC2P 2AP United Kingdom
SOLICITORS:	Travers Smith LLP 10 Snow Hill London EC1A 2AL United Kingdom

**Strategic Report
for the year ended 31 October 2018**

The directors present their strategic report for the year ended 31 October 2018.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company is an intermediate holding company, within the Safestore Holdings plc group. As a result, its principal activity comprises investing activities. There were no changes in the company's principal activity since the prior year and none are anticipated in the foreseeable future.

During the year, the company received dividend income of £11.5 million (2017: £7.3 million). This investment income fluctuates in line with the resources and requirements of investee companies. In addition, the company recognised an impairment charge of £3.4 million against the carrying value of its investment in Space Maker Stores Limited following a corporate simplification exercise (2017: £6.1 million impairment reversal in Space Maker Trading Limited, Space Maker Properties Limited and Crown Self Storage (Exeter) Limited and a £5.1 million charge against the carrying value of its investments in Space Maker Stores Limited, but representing a net increase in the underlying assets in 2017).

Profit after tax for the financial year amounted to £8.0 million (2017: £6.6 million).

PRINCIPAL RISKS AND UNCERTAINTIES

The business faces a number of risks which, if they arise, could affect its ability to achieve its strategic objectives. Risk is managed at Group level by Safestore Holdings plc. The Board at Safestore Holdings plc is responsible for determining the nature of these risks and ensuring appropriate mitigating actions are in place for managing them.

Effective risk management requires awareness and engagement at all levels of our organisation. It is for this reason that the risk management process is incorporated into the day-to-day management of our business, as well as being reflected in the business's core processes and controls. The Board of Safestore Holdings plc has defined the risk appetite and oversees the risk management strategy and the effectiveness of the business's internal control framework. Risks are considered at every business level and are assessed, discussed and taken into account when deciding upon future strategy, approving transactions and monitoring performance.

Strategic risks are identified, assessed and managed by the Board of Safestore Holdings plc, with support from the Risk Committee. Strategic risks are reviewed by the Audit Committee to ensure they are valid and that they represent the key risks associated with the current strategic direction of the business. Operational risks are identified, assessed and managed by the Risk Committee and Executive Team members, and reported to the Board and the Audit Committee. These risks cover all areas of the business, such as finance, operations, investment, development and corporate risks.

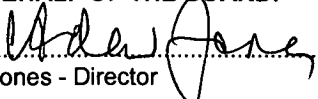
The risk management process commences with rigorous risk identification sessions incorporating contributions from functional managers and Executive Team members. The output is reviewed and discussed by the Risk Committee, supported by members of senior management from across the business. The Board, supported by the Risk Committee, identifies and prioritises the top business risks, with a focus on the identification of key strategic, financial and operational risks. The potential impact and likelihood of the risks occurring are determined, key risk mitigations are identified and the current level of risk is assessed against our risk appetite.

The principal risks and uncertainties described below are considered to have the most significant effect on the business's strategic objectives.

1. **Strategy** - business plans are based on a wide range of variables. Incorrect assumptions about the economic environment, self-storage market, or changes in the needs of customers, or the activities of customers may adversely affect the returns achieved by the business. The strategy development process draws on internal and external analysis of the self-storage market, emerging customer trends and a range of other factors. The portfolio is geographically diversified with regular detailed reviews on performance. The Directors consider that Brexit is unlikely to have an immediate effect on the Company's performance.
2. **Finance** - The funding is arranged by other Group undertakings. Funding requirements for business plans and the timing for commitments are regularly reviewed and liquidity managed in accordance with Board-approved policies to ensure that the Group has adequate funds for its ongoing needs. 88% of the Group's banking facilities run to 30 June 2023, with the remaining 12% to 30 June 2022. The US private placement notes mature in six, nine and eleven years.

Further information on our current strategic and operational risks and key mitigating actions can be found on pages 12 to 15 of the annual report and financial statements 2018 of Safestore Holdings plc, the ultimate parent undertaking.

ON BEHALF OF THE BOARD:


A B Jones - Director

Date: 24 April 2019

**Directors' Report
for the year ended 31 October 2018**

The directors present their report with the audited financial statements of the company for the year ended 31 October 2018.

DIVIDENDS

No interim dividend was paid during the year (2017: £22,000,000).

No final dividend is proposed for the year ended 31 October 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2017 to the date of this report.

A B Jones
F Vecchioli

GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing the financial statements.

FINANCIAL RISK MANAGEMENT

Financial risk is managed at a Group level by Safestore Holdings plc. Further information can be found in note 19 to the financial statements in Safestore Holdings plc's annual report and financial statements 2018.

The company's principal financial assets and liabilities are amounts owed by or to Group undertakings, which are considered to have negligible credit risk. These amounts are interest free and sterling denominated, so the company is exposed to neither interest rate risk nor foreign exchange rate risk.

The company's funding is provided by other Group undertakings, which exposes the company to liquidity risk. The Group's policy on liquidity risk is to ensure that sufficient cash is available to fund ongoing operations whilst maintaining reasonable leverage over the medium term. The Group's principal borrowing facilities are provided by a group of core relationship banks in the form of term loans, overdrafts and US private placement notes. The quantum of committed borrowing facilities available to the Group is reviewed regularly and is designed to exceed forecast peak gross debt levels.

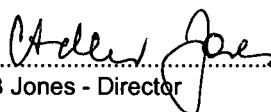
DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

The auditor, Deloitte LLP, has indicated their willingness to continue in office and a resolution concerning their re-appointment has been approved at the Annual General Meeting of the Ultimate Parent Company.

ON BEHALF OF THE BOARD:


.....
A B Jones - Director

Date: 24 April 2019

**Statement of Directors' Responsibilities
for the year ended 31 October 2018**

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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 company and of the profit or loss of the company 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information (of the Group) included on the Safestore Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Independent Auditor's report to the Members of
Safestore Acquisition Limited**

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Safestore Acquisition Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('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

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Safestore Acquisition Limited annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, 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 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 company or to cease operations, or have no realistic alternative but to do so.

**Independent Auditor's report to the Members of
Safestore Acquisition Limited**

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.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Director's report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.



William Brooks FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Hill House, 1 Little New Street, London, EC4A 3TR United Kingdom

Date: 24 April 2019

SAFESTORE ACQUISITION LIMITED (REGISTERED NUMBER: 04835087)

**Statement of Comprehensive Income
for the year ended 31 October 2018**

	Notes	2018 £'000	2017 £'000
TURNOVER		-	-
Administrative expenses		<u>(213)</u>	<u>(1,647)</u>
		(213)	(1,647)
Other operating income		<u>8</u>	<u>-</u>
OPERATING LOSS		(205)	(1,647)
Income from shares in group undertakings	3	<u>11,534</u>	<u>7,300</u>
		11,329	5,653
(Impairment of)/reversal of impairment in subsidiaries	4	<u>(3,360)</u>	<u>991</u>
		7,969	6,644
Interest payable and similar charges	5	<u>(18)</u>	<u>(21)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	7,951	6,623
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		7,951	6,623
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>7,951</u></u>	<u><u>6,623</u></u>


The notes on pages 10 to 19 form part of these financial statements

SAFESTORE ACQUISITION LIMITED (REGISTERED NUMBER: 04835087)

**Balance Sheet
31 October 2018**

	Notes	2018 £'000	2017 £'000
FIXED ASSETS			
Investments	9	335,735	322,591
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	16,502	15,167
Debtors: amounts falling due after more than one year	10	278,250	237,570
Cash at bank		<u>981</u>	<u>849</u>
		295,733	253,586
CREDITORS			
Amounts falling due within one year	11	<u>(1,356)</u>	<u>(6,960)</u>
NET CURRENT ASSETS		<u>294,377</u>	<u>246,626</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		630,112	569,217
CREDITORS			
Amounts falling due after more than one year	12	<u>(370,728)</u>	<u>(317,784)</u>
NET ASSETS		<u>259,384</u>	<u>251,433</u>
CAPITAL AND RESERVES			
Called up share capital	13	247,728	247,728
Profit and loss account	14	<u>11,656</u>	<u>3,705</u>
SHAREHOLDERS' FUNDS		<u>259,384</u>	<u>251,433</u>

The financial statements were approved by the Board of Directors on 05 April 2019 and were signed on its behalf by:


A B Jones - Director

**Statement of Changes in Equity
for the year ended 31 October 2018**

	Called up share capital £'000	Profit and Loss Account £'000	Total equity £'000
Balance at 1 November 2016	247,728	19,082	266,810
Changes in equity			
Dividends paid	-	(22,000)	(22,000)
Total comprehensive income	-	6,623	6,623
Balance at 31 October 2017	<u>247,728</u>	<u>3,705</u>	<u>251,433</u>
Changes in equity			
Dividends paid	-	-	-
Total comprehensive income	-	7,951	7,951
Balance at 31 October 2018	<u>247,728</u>	<u>11,656</u>	<u>259,384</u>

**Notes to the Financial Statements
for the year ended 31 October 2018**

1. ACCOUNTING POLICIES

Basis of preparation

Safestore Acquisition Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the company's registered office is shown on page 1.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and the Companies Act 2006. In preparing these financial statements the company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union, but has made amendments where necessary in order to comply with Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The company is a qualifying entity for the purposes of FRS 101. Note 15 gives details of the company's parent and how to obtain its consolidated financial statements prepared in accordance with IFRS.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets; and
 - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group; and
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Safestore Holdings plc. Details of the parent in whose consolidated financial statements the company is included are shown in note 15 to the financial statements.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

**Notes to the Financial Statements - continued
for the year ended 31 October 2018**

1. ACCOUNTING POLICIES - continued

Investments

Investments in subsidiaries are stated at cost less provision for impairment in value.

Impairment of non-financial assets

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying amount exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Financial assets and liabilities

Financial assets are classified as financial assets at fair value through profit or loss or loans or receivables as appropriate. The company determines the classification of its assets at initial recognition. Financial assets are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through the profit or loss or other liabilities, as appropriate. Financial liabilities are recognised initially at fair value and subsequently at amortised cost.

Critical accounting estimates and judgements

The preparation of financial statements in accordance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

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.

Carrying value of investment in subsidiary

The directors have performed an impairment assessment of the investments at reporting date. This assessment is based on comparing the investment carrying amount to that of the net assets in the subsidiary company. Due to the uncertainty about future financial performance of the subsidiaries, the carrying amount of the investments of £335.7 million may change in the next financial year.

Given the nature of the company no other areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, have been identified by management.

2. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 October 2018 nor for the year ended 31 October 2017.

The average monthly number of employees during the year was as follows:

	2018	2017
Directors	<u>2</u>	<u>2</u>

The directors did not receive emoluments for their services to the company (2017: £nil).

Directors' remuneration costs in respect of AB Jones and F Vecchioli are borne by Safestore Holdings plc. Further details in respect of their remuneration are shown in the consolidated accounts of Safestore Holdings plc.

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2018	2017
	£'000	£'000
Dividends received from subsidiaries	<u>11,534</u>	<u>7,300</u>

**Notes to the Financial Statements - continued
for the year ended 31 October 2018**

4. (IMPAIRMENT OF) / REVERSAL OF IMPAIRMENT IN SUBSIDIARIES

	2018	2017
	£'000	£'000
Impairment of investments in subsidiaries	(3,360)	(5,134)
Reversal of impairment in subsidiary	-	6,125
	<u>(3,360)</u>	<u>991</u>

The impairment charge of £3.4 million (2017: £5.1 million) relates to the Company's investment in Space Maker Stores Limited. The recoverable amount of this investment has been estimated by reference to the underlying net asset value of Space Maker Stores Limited and its subsidiaries.

There was no reversal of impairment provisions (2017: £6.1 million) and last year this related to the company's investment in Safestore Limited to bring it back up to its original cost, following an increase in the underlying net assets of Safestore Limited.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£'000	£'000
Intercompany interest payable	<u>18</u>	<u>21</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit before taxation is stated after charging:

	2018	2017
	£'000	£'000
Exceptional costs within administrative expenses	-	1,426
	<u>-</u>	<u>1,426</u>

The company incurred no exceptional transaction related costs this year (2017: £1.4 million). Last year, these arose on the acquisition of Stork Self Storage (Holdings) Limited.

Auditor's remuneration totalling £8,000 (2017: £6,000) was borne by a fellow group undertaking (Safestore Holdings plc) and there was no recharge made for these costs. No other fees were paid to the auditor.

7. TAXATION

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 October 2018 nor for the year ended 31 October 2017.

Factors affecting the tax expense

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

	2018	2017
	£'000	£'000
Profit on ordinary activities before income tax	<u>7,951</u>	<u>6,623</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.0% (2017 - 19.4%)	1,511	1,286
Effects of:		
Expenses not deductible for tax purposes	640	277
Income not taxable for tax purposes	(2,191)	(1,610)
Transfer pricing adjustment on debt	(318)	(622)
Group relief not paid for	<u>358</u>	<u>669</u>
Tax expense	<u>-</u>	<u>-</u>

Notes to the Financial Statements - continued
for the year ended 31 October 2018

7. TAXATION - continued

The Safestore Holdings plc group is a real estate investment trust (REIT). As a result the Group 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.

The main rate of corporation tax in the UK reduced from 20% to 19% from 1 April 2017. Accordingly the Group's results for this accounting period are taxed at an effective rate of 19.0% (2017: 19.4%). Due to the Group's REIT status there will be no deferred taxation impact in respect of the changes in taxation rates.

8. DIVIDENDS PAID

An interim dividend of £nil (which normally represents the total distribution of dividends for the year), was paid during the year (2017: £22,000,000).

9. INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 November 2017	327,725
Addition	<u>16,504</u>
At 31 October 2018	<u>344,229</u>
PROVISIONS FOR IMPAIRMENT	
At 1 November 2017	(5,134)
Charge for year	<u>(3,360)</u>
At 31 October 2018	<u>(8,494)</u>
NET BOOK VALUE	
At 31 October 2018	<u>335,735</u>
At 31 October 2017	<u>322,591</u>

On 1 November 2017, the company completed the acquisition of the Stork Self Storage (Holdings) Limited, trading as Alligator Self Storage. The investment addition reflects the net assets on acquisition.

An impairment charge of £3.4m was recognised in the year in respect of the company's investment in Space Maker Stores Limited. The recoverable amount of this investment has been estimated by reference to the underlying net asset value of Space Maker Stores Limited and its subsidiaries.

Notes to the Financial Statements - continued
for the year ended 31 October 2018

9. INVESTMENTS - continued

The entities listed below are subsidiaries of the company:

Safestore Limited*¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

	%
Class of shares:	holding
Ordinary	100.00

Mentmore Limited*¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

	%
Class of shares:	holding
Ordinary	100.00

Spaces Personal Storage Limited*¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

	%
Class of shares:	holding
Ordinary	100.00

Assay Insurance Services Limited²

Country of incorporation: Guernsey

Nature of business: Insurance

	%
Class of shares:	holding
Ordinary	100.00

Access Storage Holdings (France), S.à r.l.³

Country of incorporation: Luxembourg

Nature of business: Holding company

	%
Class of shares:	holding
Ordinary	100.00

Compagnie de Libre Entreposage France SAS⁴

Country of incorporation: France

Nature of business: Holding company

	%
Class of shares:	holding
Ordinary	100.00

Safestore Properties Limited¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

	%
Class of shares:	holding
Ordinary	100.00
Deferred	100.00

Safestore Trading Limited¹

Country of incorporation: England & Wales

Nature of business: Non-trading

	%
Class of shares:	holding
Ordinary	100.00

Une Pièce en Plus SAS⁴

Country of incorporation: France

Nature of business: Provision of self-storage facilities

	%
Class of shares:	holding
Ordinary	100.00

Notes to the Financial Statements - continued
for the year ended 31 October 2018

9. INVESTMENTS - continued

Crown Self Storage (Exeter) Limited¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Crown Self Storage (Plymouth) Limited¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

R & M Hampson Limited¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Space Maker Properties Limited⁵

Country of incorporation: Cayman Islands

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Space Maker Stores Limited^{*1}

Country of incorporation: England & Wales

Nature of business: Holding company

Class of shares:	%
Ordinary	holding 100.00

Space Maker Trading Limited¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Stork Self Storage (Holdings) Limited^{*1}

Country of incorporation: England & Wales

Nature of business: Holding company

Class of shares:	%
Ordinary	holding 100.00

Stork Self Storage (Jumbo) Limited¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Stork Self Storage (Aylesbury) Limited¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Notes to the Financial Statements - continued
for the year ended 31 October 2018

9. INVESTMENTS - continued

Stork Self Storage (UK) Limited¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Alligator Storage Limited¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Storage UK SPV2 Limited¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Keepsafe Camden Limited⁶

Country of incorporation: Scotland

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Keepsafe Farnham Trading Limited¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Keepsafe Bristol Trading Limited¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Alligator Storage Centres Limited⁶

Country of incorporation: Scotland

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Storage UK SPV1 Limited¹

Country of incorporation: England & Wales

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Alligator Self Storage Limited⁶

Country of incorporation: Scotland

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

**Notes to the Financial Statements - continued
for the year ended 31 October 2018**

9. INVESTMENTS - continued

Alligator Storage Bolton Limited⁶

Country of incorporation: Scotland

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Fareham Self Storage Limited⁶

Country of incorporation: Scotland

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Alligator Storage Wednesbury Limited⁶

Country of incorporation: Scotland

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Alligator Storage Birmingham Limited⁶

Country of incorporation: Scotland

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

Alligator Management Services Limited⁶

Country of incorporation: Scotland

Nature of business: Provision of self-storage facilities

Class of shares:	%
Ordinary	holding 100.00

* Owned directly by the company.

1 Registered address: Brittanica House, Stirling Way, Borehamwood, WD6 2BT United Kingdom.

2 Registered address: St Martin's House, Le Bordage, St Peter Port, Guernsey. 99.9996% is owned by the Company.

3 Registered address: 412Fm route d'Esch, L-0286 Luxembourg.

4 Registered address: 1, rue Francois Jacob, 92500 Rueil Malmaison, France.

5 Registered address: Registered address: 2nd Floor, The Grand Pavilion Commercial Centre, 802 West Bay Road, Grand Cayman KY1-1003, Cayman Islands.

6 Registered address: Safestore Centre, 9 Canal Street, Glasgow, G4 0AD United Kingdom.

Alligator Self Storage Limited, Alligator Storage Birmingham Limited, Alligator Storage Bolton Limited, Alligator Storage Centres Limited, Alligator Storage Limited, Alligator Storage Wednesbury Limited, Crown Self Storage (Exeter) Limited, Crown Self Storage (Plymouth) Limited, R&M Hampson Limited, Space Maker Properties Limited, Space Maker Stores Limited and Space Maker Trading Limited, Storage UK SPV1 Limited, Storage UK SPV2 Limited, Stork Self Storage (Holdings) Limited and Stork Self Storage (UK) Limited were placed into liquidation following a corporate simplification exercise.

Alligator Management Services Limited, Fareham Self Storage Limited, Keepsafe Bristol Trading Limited, Keepsafe Camden Limited, Keepsafe Farnham Trading Limited, Stork Self Storage (Jumbo) Limited and Stork Self Storage (Aylesbury) Limited have been struck off after the balance sheet date following a corporate simplification exercise.

Notes to the Financial Statements - continued
for the year ended 31 October 2018

10. DEBTORS

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	<u>16,502</u>	<u>15,167</u>
	<u>16,502</u>	<u>15,167</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>278,250</u>	<u>237,570</u>
Aggregate amounts	<u>294,752</u>	<u>252,737</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. However, the directors consider it unlikely that repayment will arise in the short term and it is for this reason that the amounts are shown as falling due after one year.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Amounts owed to group undertakings	900	5,700
Accrued expenses	<u>456</u>	<u>1,260</u>
	<u>1,356</u>	<u>6,960</u>

Amounts owed to group undertakings (Assay Insurance Services Limited) of £900,000 (2017: £5,700,000) bear interest at 3 month LIBOR plus 50 basis points.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £'000	2017 £'000
Amounts owed to group undertakings	<u>370,728</u>	<u>317,784</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. The directors have received assurance that repayment of amounts owed to group undertakings will not arise in the short term and it is for this reason that the amounts are shown as falling due after one year.

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2018 £'000	2017 £'000
Number:	Class:	Nominal value:		
247,728,300	Ordinary	£1	<u>247,728</u>	<u>247,728</u>

14. RESERVES

	Profit and loss account £'000
At 1 November 2017	3,705
Profit for the year	<u>7,951</u>
At 31 October 2018	<u>11,656</u>

SAFESTORE ACQUISITION LIMITED (REGISTERED NUMBER: 04835087)

**Notes to the Financial Statements - continued
for the year ended 31 October 2018**

15. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Safestore Group Limited. The ultimate parent company and controlling party is Safestore Holdings plc which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Safestore Holdings plc financial statements can be obtained from the company's registered office at Brittanica House, Stirling Way, Borehamwood, Hertfordshire, WD6 2BT United Kingdom.

16. CONTINGENT LIABILITIES

As part of the group banking arrangements, the company has guaranteed the borrowings totalling £370.9 million (2017: £364.2 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 bank and private placement loan note borrowings which the company may draw under group facility agreements. The financial liability associated with these guarantees is considered remote and therefore no provision has been recorded.