

Safestore Holdings Limited  
(formerly Belazure Holdings Limited)  
Annual report and financial statements  
for the period from 8 April 2003 (date of  
incorporation) to 31 October 2003

Registered number: 4726380

# **Safestore Holdings Limited**

## **Annual report and financial statements for the period from 8 April 2003 to 31 October 2003**

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# **Safestore Holdings Limited**

## **Directors and advisors for the period ended 31 October 2003**

### **Directors**

Ingleby Holdings Limited (appointed 8 April 2003, resigned 16 May 2003)  
S W Williams (appointed 16 May 2003)  
R D Hodsdon (appointed 12 August 2003)  
A Payne (appointed 19 August 2003)  
TAE Brooks (appointed 3 October 2003, resigned 19 March 2004)  
VML Gwilliams (appointed 3 October 2003)

### **Secretary**

Ingleby Holdings Limited (appointed 8 April 2003, resigned 12 August 2003)  
R D Hodsdon (appointed 12 August 2003)

### **Registered office**

105 Mayes Road  
London  
N22 6UP

### **Bankers**

The National Westminster Bank Plc  
15 Bishopsgate  
London  
EC2P 2AP

The Royal Bank of Scotland plc  
280 Bishopsgate  
London  
EC2M 4RB

Barclays Bank Plc  
50 Pall Mall  
London  
SW1A 1QA

### **Solicitors**

S J Berwin  
222 Gray's Inn Road  
London  
WC1X 8XF

### **Auditors**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

# **Safestore Holdings Limited**

## **Chief Executive's Statement**

It has been an exciting first year in the history of Safestore Holdings Limited.

The company was incorporated on 8 April 2003 and subsequently the company changed its name to Belazure Holdings Limited, and was one of three newly formed companies within the Belazure Group; namely Belazure Holdings Limited, Belazure Group Limited and Belazure Acquisition Limited.

### **Acquisition of the business of Safestore Plc**

The Belazure Group was formed for the purpose of acquiring the entire share capital of Safestore plc by way of a recommended cash offer at 44 pence per share, which valued the Safestore business at £39.8m. The offer became unconditional on 16 September 2003. Safestore plc runs a self-storage business with twenty-three stores (including one joint venture store) at the acquisition. Bridgepoint Capital Limited funded the acquisition.

By special resolution on 18 December 2003 Belazure Holdings Limited, Belazure Group Limited and Belazure Acquisition Limited changed their names to Safestore Holdings Limited, Safestore Group Limited and Safestore Acquisition Limited respectively.

### **Acquisition of Mentmore plc**

On 28 April 2004, the board of Mentmore plc and Safestore Holdings Limited announced that they had agreed the terms of the recommended proposal for the acquisition by the Safestore group of the entire share capital of Mentmore plc by way of a Scheme of Arrangement.

The proposal valued each Mentmore share at 115 pence valuing Mentmore plc as an entity at £209m.

The deal was declared effective on 23 June 2004 with Mentmore plc delisting and re-registering as Mentmore Limited on the same date.

The acquisition of Mentmore represents a significant step change for Safestore. It has forty-four self-storage centres in the UK trading as Spaces and a further seven in France branded as Une Piece en Plus. In addition, there are three business centres and two properties, which generate considerable rental income.

The total revenue for Spaces in the UK for the twelve months ended 30 April 2004 was £27.1m generating £12.5m of earnings before interest, tax, depreciation and amortisation (EBITDA) and £10.2m of earnings before interest and tax (EBIT). In addition, the French operation, Une Piece en Plus reported turnover of £3.5m, EBITDA of £0.2m and a loss before interest and tax (LBIT) of £0.5m for the same period.

### **Underlying results of the Safestore Limited group of companies**

I am pleased to report a year of excellent progress for the Safestore group of companies.

The company has continued to improve the quality of its sites, focussing on London and the South East. We completed the disposal of non-core sites and expanded the space at existing stores. New stores have been opened with the latest, Charlton opening in December 2003. To date this store has grown quicker than any other store opened in the past by Safestore. We have continued to apply proven retail techniques and the results show in the core and ancillary sales.

Our established stores continue to trade well with newer stores performing significantly ahead of our expectations. Revenues have increased through the increase in let square footage, controlled price management and the substantial growth of our insurance and merchandise sales.

# **Safestore Holdings Limited**

## **Chief Executive's Statement (continued)**

This, together with the tight control of operating costs has resulted in improved margins across the business. Our programme to reduce central costs has been delivered in line with the aggressive targets set.

Safestore now trades from 23 stores, including the new Charlton store referred to above. Additionally we have one joint venture store trading under the brand name Spacia Safestore Limited. Our stores continue to trade well and above target.

### **Consolidated financial results for Safestore Holdings Limited**

It should be noted that the trading included in the Safestore Holdings Limited profit and loss account only includes the results from 16 September 2003 when the offer for Safestore plc was declared unconditional.

The group operating loss for the period was £7,000 before inclusion of the operating results of the joint venture and exceptional items and £1,691,000 after inclusion of these items. The exceptional items consist of £11,000 in relation to the acquisition of Safestore Limited and a £1,137,000 write down in the carrying value of the investment in the joint venture.

### **Financial results for the Safestore group of companies**

Trading results for the 12 months ended 31 October 2003 are significantly ahead of expectation and budget.

Overall, group turnover increased by 34% to £8.7m (2002: £6.5m). The company had almost 6,200 self-storage customers at the end of October 2003, an increase of 41% over last year. Like for like sales, for the 14 stores open throughout the whole of this and the prior period, increased by 13% to £6.1m (2002: £5.4m).

Group turnover for October 2003 rose by 33% over and above the group turnover achieved for October 2002.

The outcome of our concerted focus on ancillary sales continues to exceed our expectations. We are the market leader in this area with merchandise, insurance and other sales representing 20.4% of storage income during the year (2002: 16.7%).

Total EBITDA before exceptional items for the year was £0.8m compared to an EBITDA loss of £0.3m for the prior year.

The group operating loss before inclusion of the operating results of the joint venture, interest and tax was £0.2m before exceptional items, which represents a significant stride forward from last year (2002: loss of £1.2m).

### **Operations**

In line with the strategy outlined at the beginning of the year, the company has continued to improve the quality of its sites with a concentration in London and the South East. We only opened one new store in the year under review at Portsmouth with Charlton opening in December 2003. Both these stores are performing considerably in excess of our expectations. We have also completed the sale of the non-core stores.

The Safestore group currently operates from 14 freehold and 10 leasehold trading stores, including the joint venture store at Bermondsey. These twenty-four stores had a total of 747,000 square foot of potential storage space, of which 559,000 square foot had been fitted-out by the year-end. At 31 October 2003, 429,000 square foot was occupied, giving an occupancy level of 77%.

We will maintain our programme to fit out undeveloped space and extend stores where appropriate. In addition the company will acquire and open stores at an aggressive rate when the opportunity arises. To facilitate this the group has in place a £30m facility with its banks to fund the expansion programme over the next four years.

# **Safestore Holdings Limited**

## **Chief Executive Officers Statement (continued)**

The expansion programme encompasses the whole of the United Kingdom as well as further expansion of Une Piece en Plus in France. Further expansion within Europe remains a viable opportunity for the group as does further growth by acquisition.

In addition to the expansion plans management will focus its efforts on integrating the businesses of Safestore and Mentmore into one combined business. The focus will be on standardising the look, service levels and offers of the two businesses whilst maximising opportunities within the portfolios.

Each store will have an individual detailed and aggressive sales plan. This together with the corporate marketing strategy; our free pick up service and 'lowest price guarantee' will, we believe, be successful in achieving our growth and revenue forecasts.

### **People**

The company recognises the significant role our people play in the success of the business and I would like to take this opportunity to thank all my colleagues throughout the business for their hard work and dedication.

I am also delighted that Safestore was accredited as an Investor in People during the year. This award recognises the comprehensive training undertaken by the company and the quality of our people. Recognition of how important our staff are will be paramount during the integration of the former Mentmore business over the coming months.

### **Outlook**

The next twelve months provide an exciting challenge for the Safestore Holdings group of companies. We will be focussed on fully integrating the two existing businesses of Safestore and Spaces into one industry leading business under the Safestore brand.

Both Safestore and Spaces have performed well in terms of revenue, sq ft growth and profitability over the period since 1 November 2003. We expect this level of performance to continue and be enhanced and the integration gets fully bedded down.

I am confident that the breadth of experience of the board allied to the retail skills of the management team, together with the dedication of the staff will ensure the company maintains the progress and momentum of the past twelve months.

Notwithstanding the general economic conditions there is a major market opportunity for Safestore to exploit. We will do so with focus, rigour and with a firm eye on improving the overall performance on the enlarged group.

S W Williams  
2 August 2004

# Safestore Holdings Limited

## Directors' report for the period ended 31 October 2003

The directors present their annual report and the audited financial statements for the period ended 31 October 2003.

### Principal activities

The company was incorporated on 8 April 2003. The first set of financial statements of the company and group have been prepared for the period from 8 April 2003 to 31 October 2003.

The principal activity of the group is the provision of self storage.

On 16 September 2003, Safestore Plc group of companies were acquired by Safestore Acquisition Limited (formerly Belazure Acquisition Limited), a subsidiary of the company. Safestore Plc delisted from AIM on 15 October 2003. The offer to acquire the share capital of Safestore Plc at 44 pence per share was announced on 21 August 2003. The deal was declared unconditional on 16 September 2003 when valid acceptance of the offer exceeded 90%. 100% ownership of Safestore Plc was achieved on 6 November 2003. Safestore Plc was formerly re-registered as a private company, Safestore Limited on 7 November 2003.

### Review of business

A review of the group's business is set out in the Chief executive's report attached to these financial statements. The company operated as a holding company throughout the period. The directors consider that the results of the company were satisfactory.

### Change of company name

Pursuant to a special resolution passed on 18 December 2003, the name of the company was changed from Belazure Holdings Limited to Safestore Holdings Limited.

### Results and dividends

The results for the period are set out on page 8. No dividend has been recommended for the period.

### Directors and their interests

Details of the directors who served throughout the period are set out below:

Ingleby Holdings Limited	(appointed 8 April 2003, resigned 16 May 2003)
S W Williams	(appointed 16 May 2003)
R D Hodsdon	(appointed 12 August 2003)
A Payne	(appointed 19 August 2003)
TAE Brooks	(appointed 3 October 2003, resigned 19 March 2004)
VML Gwilliams	(appointed 3 October 2003)

As at 31 October 2003, the following directors had an interest in the issued share capital of the company.

	As at 8 April 2003	Granted	As at 31 October 2003
S W Williams	-	136,000	136,000
R D Hodsdon	-	54,000	54,000

No other directors had any interest in the issued share capital of the company at 31 October 2003.

# **Safestore Holdings Limited**

## **Directors' report for the period ended 31 October 2003 (continued)**

### **Statement of directors' responsibility**

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 October 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

On 25 September 2003, PricewaterhouseCoopers LLP were appointed the initial auditors of the company. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the annual general meeting.

Approved by the Board of Directors and signed on behalf of the Board.

Company Secretary  
2 August 2004

# **Independent auditors' report to the members of Safestore Holdings Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes.

## **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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

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

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the Chief Executive Officers Statement and directors' report.

## **Basis of audit opinion**

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

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

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company and the group's affairs at 31 October 2003 and of the loss and cash flows of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Birmingham  
2 August 2004

# Safestore Holdings Limited

## Consolidated profit and loss account for the period ended 31 October 2003

	Notes	2003		Total £'000
		Before exceptional items £'000	Exceptional items £'000	
<b>Turnover (including share of joint venture)</b>				
Group turnover from continuing operations		862	-	862
Less: share of joint venture		(23)	-	(23)
Turnover	2	839	-	839
Cost of sales		(454)	-	(454)
<b>Gross profit</b>		385	-	385
Distribution costs		(49)	-	(49)
Administrative expenses		(343)	(11)	(354)
<b>Operating loss</b>	4,5	(7)	(11)	(18)
Share of operating loss of joint venture		(536)	-	(536)
Write down of the investment in the joint venture	5	-	(1,137)	(1,137)
<b>Group operating loss before interest and taxation</b>		(543)	(1,148)	(1,691)
Interest receivable and similar income	7	21	-	21
Interest payable and similar charges	8	(335)	-	(335)
<b>Loss on ordinary activities before taxation</b>		(857)	(1,148)	(2,005)
Taxation on loss on ordinary activities	9	-	-	-
<b>Loss for the financial period</b>	19	(857)	(1,148)	(2,005)

All turnover is derived from continuing activities.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial period stated above and its historical cost equivalent.

There is no recognised gain or loss attributable to the shareholders or the group other than the loss for the financial period as reported.

The notes on pages 11 to 24 form part of these financial statements.

# Safestore Holdings Limited

## Balance sheets as at 31 October 2003

	Note	Group 2003 £'000	Company 2003 £'000
<b>Fixed assets</b>			
Tangible assets	10	39,141	-
Investments in subsidiaries	12	-	979
Investment in joint venture	12	(620)	-
		<b>38,521</b>	<b>979</b>
<b>Current assets</b>			
Debtors – amounts falling due within one year	13	1,806	8
– amounts falling due after more than one year	13	-	40,301
Cash at bank and in hand		4,258	857
		<b>6,064</b>	<b>41,166</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(7,731)</b>	<b>(3,832)</b>
<b>Net current (liabilities)/assets</b>		<b>(1,667)</b>	<b>37,334</b>
<b>Total assets less current liabilities</b>		<b>36,854</b>	<b>38,313</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<b>(37,956)</b>	<b>(37,956)</b>
<b>Provisions for liabilities and charges</b>	17	<b>(443)</b>	<b>-</b>
<b>Net (liabilities)/assets</b>		<b>(1,545)</b>	<b>357</b>
<b>Capital and reserves</b>			
Called up share capital	18	19	19
Share premium account	19	441	441
Profit and loss account	19	(2,005)	(103)
<b>Equity shareholders' funds/(deficit)</b>	20	<b>(1,545)</b>	<b>357</b>

These financial statements were approved by the Board of Directors on 2 August 2004 and signed on behalf of the Board of Directors.

Director

The notes on pages 11 to 24 form part of these financial statements.

## Safestore Holdings Limited

### Consolidated cash flow statement for the period ended 31 October 2003

	Note	2003 £'000
<b>Net cash outflow from operating activities</b>	21	(1,513)
<b>Returns on investments and servicing of finance</b>		
Interest received		65
Interest paid		-
<b>Net cash inflow from returns on investments and servicing of finance</b>		65
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets		(117)
<b>Net cash outflow for capital expenditure and financial investment</b>		(117)
<b>Acquisitions</b>		
Purchase of subsidiary undertakings	11	(40,884)
Cash acquired with subsidiary undertakings	11	2,978
<b>Net cash outflow for acquisitions</b>		(37,906)
<b>Net cash outflow before use in financing</b>		(39,471)
<b>Financing</b>		
Issue of ordinary share capital	18	460
Increase in borrowings	16	43,269
<b>Net cash inflow from financing</b>		43,729
<b>Increase in net cash</b>		4,258

### Reconciliation of net cash flow to movement in net debt

	Note	2003 £'000
Increase in cash in the year		4,258
Increase in debt		(43,269)
Change in net debt resulting from cashflows		(39,011)
Opening net funds		-
Closing net debt	22	(39,011)

# Safestore Holdings Limited

## Notes to the financial statements for the period ended 31 October 2003

### 1 Accounting policies

The financial statements are prepared in accordance with applicable accounting standards in the UK. The particular accounting policies adopted are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Basis of consolidation

The group accounts consolidate the financial statements of Safestore Holdings Limited and all its subsidiaries at the year end using acquisition accounting principles.

#### Acquisitions

On acquisition of a business, fair values are attributed to the group's share of assets and liabilities. Where the cost of acquisition exceeds the values attributable to such assets, the difference is treated as purchased goodwill and following the implementation of FRS 10 "Goodwill and Intangible Assets", is capitalised in the group balance sheet in the year of acquisition.

#### Goodwill

For acquisitions of a business, including an interest in an associated undertaking, following the implementation of FRS 10 "Goodwill and Intangible Assets", purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period. Capitalised purchased goodwill in respect of subsidiaries is included within intangible fixed assets.

Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking the difference is treated as negative goodwill and is capitalised and amortised through the profit and loss account over the period in which the non monetary assets acquired are recovered. The directors have assessed this period to be 5 years.

#### Turnover

Turnover consists of the invoiced value for goods and services supplied to third parties.

#### Tangible fixed assets

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

On other assets depreciation is provided to write off the cost in equal annual instalments over the estimated useful lives of the assets.

# Safestore Holdings Limited

## Notes to the financial statements for the period ended 31 October 2003 (continued)

### 1 Accounting policies (continued)

#### Tangible fixed assets (continued)

The rates of depreciation are as follows:

Leasehold buildings	Period of lease
Plant, equipment, computers and office equipment	25% per annum
Motor vehicles	25% per annum
Fixtures, fittings, signs and partitioning	6.66% -10% per annum
Mezzanine floor	7% per annum

#### Investments

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

#### Deferred taxation

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

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

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

#### Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

#### Pension costs

The group operates a defined contribution scheme. The group's contributions are charged to the profit and loss account as they fall due.

#### Finance costs

In accordance with FRS 4, all finance costs which are directly attributable to the issuing of debt are capitalised against the debt and amortised at a constant rate over the life of the debt facility.

### 2 Segmental information

All turnover and the loss on ordinary activities before taxation is attributable to the group's principal activity, the provision of self storage which is carried out in the United Kingdom. The net liabilities of the group are also attributable to the provision of self storage in the UK.

# Safestore Holdings Limited

## Notes to the financial statements for the period ended 31 October 2003 (continued)

### 3 Information regarding directors and employees

	<b>2003</b>
	<b>Number</b>
Monthly average number of employees:	
Sales	93
Administration	11
	<b>104</b>
The costs incurred in respect of these employees were:	<b>£'000</b>
Wages and salaries	178
Social security costs	15
Pension costs	3
	<b>196</b>

Remuneration of directors:	<b>2003</b>				<b>Total</b> <b>£'000</b>
	<b>Fees</b>	<b>Basic</b>	<b>Annual</b>	<b>Benefits</b>	
	<b>£'000</b>	<b>salary</b>	<b>bonus</b>	<b>in kind</b>	
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Fees	-	-	-	-	-
Salary and other emoluments	-	16	73	2	91
	<b>-</b>	<b>16</b>	<b>73</b>	<b>2</b>	<b>91</b>

The company paid pension contributions of £2,000 during the period to the directors. There were two directors accruing benefits under a money purchase scheme.

# Safestore Holdings Limited

## Notes to the financial statements for the period ended 31 October 2003 (continued)

### 4 Operating loss

	<b>2003</b>
	<b>£'000</b>
<hr/>	
Operating loss is after charging:	
Depreciation	97
Rentals under operating leases - other	108
<b>Auditors' remuneration</b>	
Audit fees	3
Other professional services provided by auditors in period	1,170

### 5 Exceptional items

	<b>2003</b>
	<b>£'000</b>
<hr/>	
Costs associated with the purchase of Safestore plc	11
Impairment of joint venture (Note 12)	1,137
	<b>1,148</b>

The net tax effect of the exceptional items is shown on the face of the profit and loss account.

### 6 Result of parent company

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's loss for the financial period amounted to £103,000.

### 7 Interest receivable and similar income

	<b>2003</b>
	<b>£'000</b>
<hr/>	
Interest receivable on bank deposits	21

# Safestore Holdings Limited

## Notes to the financial statements for the period ended 31 October 2003 (continued)

### 8 Interest payable and similar charges

	<b>2003</b>
	<b>£'000</b>
Interest payable on bank loans	150
Interest payable on other loans	141
Amortisation of debt issue costs	44
	<b>335</b>

### 9 Taxation on the loss on ordinary activities

	<b>2003</b>
	<b>£'000</b>
UK corporation tax on losses for the year	-
<b>Deferred tax</b>	
Charge for the year	-
<b>Tax credit on loss on ordinary activities</b>	-

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<b>2003</b>
	<b>£'000</b>
Loss on ordinary activities before tax	(2,005)
Loss on ordinary activities multiplied by the standard rate in the UK of 30%	(602)
Effects of:	
Expenses not deductible for tax purposes	157
Accelerated capital allowances and other timing differences	445
<b>Current tax credit for year</b>	-

# Safestore Holdings Limited

## Notes to the financial statements for the period ended 31 October 2003 (continued)

### 10 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment, computers and office equipment	Motor vehicles	Fixtures, fittings, signs and partitioning	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 8 April 2003	-	-	-	-	-	-
Fair value of assets acquired during period (see note 11)	30,592	3,221	451	47	8,148	42,459
Additions	3	59	3	47	5	117
<b>At 31 October 2003</b>	<b>30,595</b>	<b>3,280</b>	<b>454</b>	<b>94</b>	<b>8,153</b>	<b>42,576</b>
<b>Accumulated depreciation</b>						
At 8 April 2003	-	-	-	-	-	-
Depreciation on assets acquired during period (see note 11)	499	162	239	9	2,429	3,338
Charge for the period	63	9	1	-	24	97
<b>At 31 October 2003</b>	<b>562</b>	<b>171</b>	<b>240</b>	<b>9</b>	<b>2,453</b>	<b>3,435</b>
<b>Net book value</b>						
<b>At 31 October 2003</b>	<b>30,033</b>	<b>3,109</b>	<b>214</b>	<b>85</b>	<b>5,700</b>	<b>39,141</b>
At 8 April 2003	-	-	-	-	-	-

The group has chosen to continue to record the fixed assets acquired at their original cost and accumulated depreciation.

The company does not hold any fixed assets.

# Safestore Holdings Limited

## Notes to the financial statements for the period ended 31 October 2003 (continued)

### 11 Acquisitions

#### Safestore Plc

Safestore Plc was acquired on 16 September 2003 when the deal was declared unconditional, and the group's assets and liabilities are included in the consolidated balance sheet at 31 October 2003. The net book value of the net assets of Safestore Plc, and the provisional fair values adjustments were as follows:

	<b>Net book value</b>	<b>Provisional fair value adjustments</b>	<b>Provisional fair value</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Tangible fixed assets	31,009	8,112	39,121
Investment in joint venture	1,053	-	1,053
Cash	2,978	-	2,978
Debtors	2,254	-	2,254
Creditors	(4,079)	-	(4,079)
Provisions	-	(443)	(443)
<b>Net assets acquired</b>	<b>33,215</b>	<b>7,669</b>	<b>40,884</b>
<b>Consideration</b>			
Cash			<b>40,884</b>
Goodwill arising on the acquisition			-

For the year ended 31 October 2002, Safestore Plc reported an audited loss after tax of £1,776,000 and for the period ended 16 September 2003, an unaudited provisional loss after tax of £1,084,000.

A valuation of the group's freehold properties was undertaken at 14 August 2003, on the basis of existing use and alternative use value by an independent qualified valuer. The valuation was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom by Drivas Jonas, a firm of independent Chartered Surveyors. The directors have assessed that the fair value of the property portfolio at the date of acquisition is in line with the valuation and have accordingly uplifted the value of the portfolio by £8,717,000 respectively. This has been offset by fixed assets within stores being written down by £605,000 as a result of the valuation.

Other fair value provisions which total £443,000 are explained in note 17.

# Safestore Holdings Limited

## Notes to the financial statements for the period ended 31 October 2003 (continued)

### 12 Investments

	<b>2003</b>
	<b>Shares in subsidiaries</b>
<b>Cost</b>	<b>£'000</b>
At 8 April 2003	-
Additions	979
<b>At 31 October 2003</b>	<b>979</b>

Shares in subsidiaries relate to the investment in Safestore Group Limited. During the year, Safestore Acquisition Limited (a wholly owned subsidiary of Safestore Group Limited) acquired the entire share capital of Safestore Limited for a consideration of £40,884,000.

	<b>2003</b>
	<b>Interest in joint venture</b>
<b>Cost</b>	<b>£'000</b>
At 8 April 2003	-
Additions (Note 11)	1,053
Impairment in joint venture (Note 5)	(1,137)
Share of losses retained	(536)
<b>At 31 October 2003</b>	<b>(620)</b>

# Safestore Holdings Limited

## Notes to the financial statements for the period ended 31 October 2003 (continued)

### 12 Investments (continued)

Details of the investments and their subsidiary undertakings, all of which are included in the consolidated accounts, are set out below:

<b>Subsidiaries</b>	<b>Country of registration and operation</b>	<b>Activity</b>	<b>Portion of ordinary shares held (%)</b>	<b>Note</b>
Safestore Group Limited	England and Wales	Holding company	100	
Safestore Acquisitions Limited	England and Wales	Holding company	100	
Safestore Limited	England and Wales	Provision of self storage	100	1
Safestore Trading Limited	England and Wales	Provision of self storage	100	2
Metrostore Group Limited	England and Wales	Provision of self storage	100	4
Safestore SA	France	Provision of self storage (not trading)	100	4
Starmodex Limited	England and Wales	Service company	100	5
<b>Joint venture</b>				
Spacia Safestore Limited	England and Wales	Provision of self storage	50	3

Notes

- 1 Safestore Limited is a 100% subsidiary of Safestore Acquisitions Limited
- 2 Safestore Trading Limited is a 100% subsidiary of Safestore Limited.
- 3 Spacia Safestore Limited is a 50% joint venture between Safestore Trading Limited and Railtrack.
- 4 Safestore SA and Metrostore Group Limited are 100% subsidiaries of Safestore Trading Limited
- 5 Starmodex Limited is a 100% subsidiary of Metrostore Group Limited.

### 13 Debtors

	<b>2003</b>	
	<b>Group</b>	<b>Company</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	390	-
Other debtors	205	8
Prepayments and accrued income	1,199	-
Amounts owed by Joint Venture	12	-
	<b>1,806</b>	<b>8</b>

#### Debtors: amounts falling due in more than 1 year

	<b>2003</b>	
	<b>Group</b>	<b>Company</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by subsidiary undertakings	-	40,301

# Safestore Holdings Limited

## Notes to the financial statements for the period ended 31 October 2003 (continued)

### 14 Creditors: amounts falling due within one year

	2003	
	Group	Company
	£'000	£'000
Bank loans	2,709	2,709
Trade creditors	1,319	538
Accruals and deferred income	3,703	585
	<b>7,731</b>	<b>3,832</b>

### 15 Creditors: amounts falling due after one year

	2003	
	Group	Company
	£'000	£'000
Bank loans	40,560	40,560
Issue costs capitalised – amounts falling due within one year	(529)	(529)
– amounts falling due after more than one year	(2,075)	(2,075)
	<b>37,956</b>	<b>37,956</b>

### 16 Loans and other borrowings

	2003
	£'000
Zero coupon loan notes 2009	9,280
Zero coupon loan notes 2010	9,280
Bank loans	24,709
	<b>43,269</b>
Maturity of debt	
In one year or less, or on demand	2,709
In more than two years, but not more than five years	22,000
In more than five years	18,560
	<b>43,269</b>

£32,791,000 of zero coupon loan notes were issued at a discounted value of £18,560,000 during the period. The loan notes are redeemable in 2009 and 2010. A bridging loan of £2,709,000 which is repayable on demand was drawn upon during the period, with interest accruing at a rate of 2% above the base rate per annum. Facilities totalling £22,000,000 were drawn upon in the period which are repayable in 2008. Interest accrues at a variable rate between 1.75% and 3.75% above the base rate per annum depending on the compliance with the LTV covenant.

# Safestore Holdings Limited

## Notes to the financial statements for the period ended 31 October 2003 (continued)

### 17 Provisions for liabilities and charges

Group	Provision for legal costs £'000	Environ- mental provision £'000	Vacant property provision £'000	Dilapid- ations provision £'000	Total £'000
Balance at 8 April 2003	-	-	-	-	-
Fair value adjustments on acquisition (See note 12)	125	85	133	100	443
<b>Balance at 31 October 2003</b>	<b>125</b>	<b>85</b>	<b>133</b>	<b>100</b>	<b>443</b>

#### Provision for legal costs

A provision for ongoing legal costs and possible costs in relation to an insurance claim of £125,000 has been made and is expected to be utilised between 1 to 3 years.

#### Environmental provision

A provision for environmental costs which are committed to be incurred has been made, and is expected to be utilised between 1 to 2 years.

#### Vacant property provision

The provision relates to future rental commitments on vacant and sublet properties and the provision is expected to be utilised over a period between 1 and 3 years.

#### Dilapidation provision

The provision relates to future committed costs at two stores that are expected to be incurred between 2-5 years.

### 18 Called up share capital

	2003 £'000
<b>Authorised</b>	
300,000 ordinary shares of 1p each	3
1,700,000 preferred ordinary shares of 1p each	17
	<b>20</b>
<b>Called up, allotted and fully paid</b>	
220,000 ordinary shares of 1p each	2
1,700,000 preferred ordinary shares of 1p each	17
	<b>19</b>

During the year, 220,000 ordinary shares and 1,700,000 preferred ordinary shares were issued generating share premium of £218,000 and £223,000 respectively.

# Safestore Holdings Limited

## Notes to the financial statements for the period ended 31 October 2003 (continued)

### 19 Reserves

Group	Share premium account	Profit and loss account
	£'000	£'000
At 8 April 2003	-	-
Loss for the financial period	-	(2,005)
Share premium on issue of share capital	441	-
<b>At 31 October 2003</b>	<b>441</b>	<b>(2,005)</b>
<b>Company</b>		
At 8 April 2003	-	-
Loss for the financial period	-	(103)
Share premium on issue of share capital	441	-
<b>At 31 October 2003</b>	<b>441</b>	<b>(103)</b>

### 20 Reconciliation of movements in consolidated shareholders' funds

	2003 £'000
Loss for the financial period	(2,005)
Shares issued in the period	19
Share premium on shares issued	441
Net reduction to shareholders' funds	<b>(1,545)</b>
Opening equity shareholders' funds	-
Closing equity shareholders' funds	<b>(1,545)</b>

# Safestore Holdings Limited

## Notes to the financial statements for the period ended 31 October 2003 (continued)

### 21 Reconciliation of operating loss to net cash flow from operating activities

	<b>2003</b>
	<b>£'000</b>
Group operating loss	(18)
Depreciation (See note 4)	97
Decrease in debtors	404
Decrease in creditors	(1,996)
<b>Net cash outflow from operating activities</b>	<b>(1,513)</b>

### 22 Analysis of movement in net debt

	<b>As at 8 April</b>	<b>Cash flows</b>	<b>Acquisitions</b>	<b>2003</b>
	<b>2003</b>			
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash	-	4,258	-	4,258
Debt due within 1 year	-	-	(2,709)	(2,709)
Debt due after 1 year	-	-	(40,560)	(40,560)
	<b>-</b>	<b>4,258</b>	<b>(43,269)</b>	<b>(39,011)</b>

### 23 Deferred taxation

The total potential deferred tax liability which has not been recognised in the financial statements is analysed as follows:

	<b>2003</b>
	<b>£'000</b>
Excess of depreciation over capital allowances	147
Other short term timing differences	4
Losses	464
Capital gains/revaluations	107
	<b>722</b>

# Safestore Holdings Limited

## Notes to the financial statements for the period ended 31 October 2003 (continued)

### 24 Financial commitments

At 31 October 2003 the group was committed to making the following payments during the next year in respect of the following operating leases.

	2003	
	Land and buildings	Other
	£'000	£'000
Operating lease commitments		
Leases which expire:		
Within one year	-	13
Between two and five years	234	-
After five years	993	-

### 25 Related party transactions

The company has taken advantage of the exemption granted under paragraph 3 of Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with group entities.

### 26 Post balance sheet events

On 23 June 2004, Safestore Acquisition Limited, a wholly owned subsidiary of Safestore Holdings Limited, made an unconditional offer for the purchase of the share capital of Mentmore plc for £209 million. Additional financing totalling £180m was reused externally for the purpose of the acquisition of Mentmore plc.

### 27 Controlling party

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