

REGISTERED NUMBER: 03512289 (England and Wales)

**Directors' Report and
Audited Financial Statements for the Year Ended 31 October 2020
for
SPACES PERSONAL STORAGE LIMITED**



SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

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for the year ended 31 October 2020**

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SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Company Information
for the year ended 31 October 2020**

DIRECTORS:

D Penniston
A B Jones
F Vecchioni

REGISTERED OFFICE:

Brittanic House
Stirling Way
Borehamwood
Hertfordshire
WD6 2BT
United Kingdom

REGISTERED NUMBER:

03512289 (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

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Directors' Report
for the year ended 31 October 2020**

The directors present their report with the audited financial statements of the Spaces Personal Storage Limited (the "company") for the year ended 31 October 2020.

The directors' report has been prepared in accordance with the provisions entitled to the small companies' exemption and therefore a Strategic Report has not been prepared.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of providing facilities suitable for offering storage solutions and related services to commercial and domestic customers. No changes in the company's principal activity are anticipated in the foreseeable future.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company generated revenue of £1.1 million (2019: £3.8 million) and operating loss of £2.3 million (2019: profit £2.0 million). Profit before tax of £0.6 million (2019: £2.0 million). As at 31 October 2020 the company had net current liabilities of £0.2 million (2019: net current assets £38.8 million) and net liabilities of £0.9 million (2019: net assets £57.3 million).

The Safestore Holdings plc group (the "Group") is a Real Estate Investment Trust ("REIT"). There is no liability to corporation tax for the year. The Directors consider that Brexit has currently not nor is unlikely to have an immediate effect on the company's performance.

As part of the wider group's corporate simplification project, during the year there was an internal property reorganisation with the Safestore group of companies, whereby the company transferred all of its property interests except two leasehold stores to Safestore Properties Limited ("SPL"). The beneficial interest in each of these properties transferred to SPL on 10 March 2020. In August 2020, the lease for one of the remaining leasehold stores was surrendered as a result of SPL acquiring the freehold interest at the same time.

As part of the wider group's corporate simplification process, during the year Safestore Trading Limited ("STL"), a wholly owned subsidiary of the company, distributed in specie £3.0 million of its intercompany receivable from Safestore Acquisition Limited, the company's immediate parent undertaking, to the company. This distribution subsequently reduced the net assets of STL, resulting in an impairment charge of £3.0 million for the company's investment in STL.

On 16 April 2020 in accordance with section 642 of the Companies Act 2006, reduction of share capital supported by solvency statement, the company reduced its share capital from £4,503,191 to £90.06 by reducing the nominal value of 90,063,813 ordinary shares of 5p each to ordinary share of 0.0001p each. The company also cancelled its entire share premium account in the amount of £36,690,713 (together the "Capital Reduction"); and that £41,193,814 arising upon the Capital Reduction being credited to the company's retained earnings.

DIVIDENDS

Dividends of £58.8 million were paid during the year (2019: £nil).

No final dividend is proposed for the year ended 31 October 2020 (2019: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2019 to the date of this report.

D Penniston
A B Jones
F Vecchioli

GOING CONCERN

The directors are satisfied that the company has sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing these financial statements. Furthermore, the Directors of Safestore Holdings Plc have confirmed, as outlined in a Letter of Support, they will not call any amount due for a period of at least twelve months from the date signing of the financial statements unless the subsidiary is in a financial position to do so.

In assessing the company's going concern position, the directors considered a detailed number of factors at the Group level, for which this company forms part, including the current balance sheet position of both the individual company and Group, the principal and emerging risks which could impact the performance of the Group and the Group's strategic and financial plan. Consideration has been given to compliance with borrowing covenants along with the uncertainty inherent in future financial forecasts.

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Directors' Report - continued
for the year ended 31 October 2020**

GOING CONCERN – continued

Specifically, the Covid-19 pandemic has resulted in a significant reduction in the economic growth of the UK and Europe in 2020 and potentially in 2021. The implications of Covid-19 have been thoroughly considered with respect to the Group's strategy through the annual planning and budgeting process. Covid-19 will continue to be monitored through regular and periodic reforecasts and scenario analysis over the next 12 months and align with the three-year outlook of this review during the 2021 year. In addition, various scenarios and stress tests have been modelled including sensitivities relating to the potential impact on performance due to possible changes in lockdown durations and post lockdown demand levels. This included the potential impact on performance due to possible changes in the levels of demand, customer churn, sales performance and rate growth. The assessment concluded that, for the foreseeable future, the Group has sufficient capital to support its operations; has a funding and liquidity base which is strong, robust and well managed with substantial future capacity; and has expectations that performance will continue to improve as the Group's strategy is executed

FINANCIAL RISK MANAGEMENT

Financial risk is managed at a Group level by Safestore Holdings plc. Further information can be found in note 20 to the financial statements in Safestore Holdings plc's annual report and financial statements 2020.

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.

STATEMENT AS TO 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.

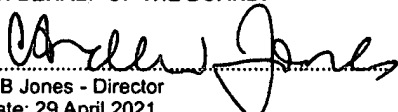
POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since 31 October 2020.

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: 29 April 2021

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Statement of Directors' Responsibilities
for the year ended 31 October 2020**

The directors are responsible for preparing the Annual 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; and
- prepare the financial statements on the going concern basis, and in accordance with the small companies regime, unless it is inappropriate.

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.

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Independent Auditor's Report to the Members of
Spaces Personal Storage Limited**

Opinion

In our opinion the financial statements of Spaces Personal Storage Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st October 2020 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 the company which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

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 (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

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 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.

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Independent Auditor's Report to the Members of
Spaces Personal Storage 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 FRC'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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' 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 directors' report.

Matters on which we are required to report by exception

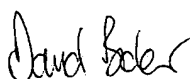
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Director's report and from the requirement to prepare a Strategic report.

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.



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

Date: 29 April 2021

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Statement of Comprehensive Income
for the year ended 31 October 2020.**

	Notes	2020 £'000	2019 £'000
REVENUE	2	1,054	3,784
Administrative expenses		(3,375)	(1,790)
OPERATING (LOSS)/PROFIT		(2,321)	1,994
Income from shares in group undertakings	4	3,007	-
Interest payable and similar charges	5	(123)	-
		<hr/>	<hr/>
PROFIT BEFORE TAXATION	6	563	1,994
Tax	7	-	-
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		563	1,994
OTHER COMPREHENSIVE INCOME		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		563	1,994
		<hr/> <hr/>	<hr/> <hr/>

Revenue and operating profit are all derived from continuing operations.

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Balance Sheet
As at 31 October 2020**

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	9	-	520
Investments	10	-	3,007
Investment property	11	<u>1,406</u>	<u>14,958</u>
		1,406	18,485
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	12	<u>-</u>	<u>38,811</u>
CREDITORS			
Obligations under lease liabilities	14	<u>(225)</u>	<u>-</u>
NET CURRENT (LIABILITIES)/ ASSETS		<u>(225)</u>	<u>38,811</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,181	57,296
CREDITORS			
Amounts falling due after more than one year	13	<u>(930)</u>	<u>-</u>
Obligations under lease liabilities	14	<u>(1,181)</u>	<u>-</u>
NET (LIABILITIES)/ ASSETS		<u>(930)</u>	<u>57,296</u>
CAPITAL AND RESERVES			
Called up share capital	15	-	4,503
Share premium		-	36,691
Profit and loss account		<u>(930)</u>	<u>16,102</u>
SHAREHOLDERS' (DEFICIT)/FUNDS		<u>(930)</u>	<u>57,296</u>

The financial statements were approved by the Board of Directors on 29 April 2021 and were signed on its behalf by:


A B Jones - Director

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

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Statement of Changes in Equity
for the year ended 31 October 2020**

	Called up share capital £'000	Profit and loss account £'000	Share premium £'000	Total equity £'000
Balance at 1 November 2018	4,503	14,108	36,691	55,302
Comprehensive Income:				
Profit for the year	-	1,994	-	1,994
Total comprehensive income	-	1,994	-	1,994
Balance at 31 October 2019	4,503	16,102	36,691	57,296
Comprehensive income:				
Profit for the year	-	563	-	563
Total comprehensive income	-	563	-	563
Transactions with owners:				
Share capital and premium reduction	(4,503)	41,194	(36,691)	-
Dividends paid (note 8)	-	(58,789)	-	(58,789)
Transactions with owners	(4,503)	(17,595)	(36,691)	(58,789)
Balance at 31 October 2020	-	(930)	-	(930)

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

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Notes to the Financial Statements
for the year ended 31 October 2020**

1. ACCOUNTING POLICIES

Basis of preparation

Spaces Personal Storage 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 16 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. Under s400 of the Companies Act 2006 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 16 to the financial statements.

Standards, amendments to standards and interpretations issued and applied

The following new or revised accounting standards or IFRIC interpretations are applicable for the first time in the year ended 31 October 2020:

- IFRS 16 "Leases"
- IFRIC 23 "Uncertainty over Income Tax Treatments"
- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"
- Annual Improvements to the IFRS Standards 2015-2017 Cycle
- Amendments to IFRS 9 "Financial Instruments"
- Amendments to IAS 19 "Employee Benefits"

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Notes to the Financial Statements
for the year ended 31 October 2020**

1. ACCOUNTING POLICIES - continued

IFRS 16 "Leases"

This is the company's first set of financial statements where IFRS 16 "Leases" has been applied. There have been no retrospective adjustments made to the prior year figures. The impact on the results on adoption of this standard is set out below:

IFRS 16 replaces IAS 17 "Leases" and requires all operating leases in excess of one year, where the company is the lessee, to be included on the company's balance sheet, and the recognition of a right-of-use asset and a related lease liability representing the obligation to make lease payments. The right-of-use asset is assessed for impairment annually (incorporating any onerous lease assessments) and amortised on a straight-line basis, with the lease liability being amortised using the effective interest method.

The Directors has applied IFRS 16 using the modified retrospective approach and has not restated comparative information. The transition date of initial application of IFRS 16 for the company was 1 November 2019.

In the prior year, the company had operating leases with non-cancellable future lease payments of £15.8 million. A reconciliation of the total operating lease commitments at 31 October 2019 to the lease liabilities recognised at 1 November 2019 has been disclosed in note 14.

When measuring the lease liabilities for leases that were classified as operating leases, new lease liabilities acquired and lease extensions, the company discounted lease payments using an incremental borrowing rate specific for each asset based on what the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The company has followed industry practice, utilising a stepped approach to determine the incremental cost of borrowing by determining the risk-free rate, the risk premium and making any lease-specific adjustments. To ensure the incremental borrowing rates calculated were reasonable, appropriate and did not create a material misstatement, sensitivity analysis was undertaken to determine the impact of alternative measures of the rate through use of various metrics, such as the weighted average cost of capital (5%) and the Group's blended rate of interest on the overall debt at 31 October 2019 (2.13%). In the Group consolidated accounts for which this company is included within, these operating leases were classified as finance leases under the fair value model. These leases effectively transitioned at the pre-existing incremental borrowing rates. The company used this same rate which equated to a weighted average incremental borrowing rate of 8.0%.

The reconciliation of the balance sheet movement is shown in the table below:

	Pre-transition 1 November 2019 £'000	IFRS 16 adoption 1 November 2019 £'000	Post-transition 1 November 2019 £'000
Investment property - Add-back of lease liabilities (note 11)	—	1,660	1,660
Obligations under lease liabilities due within one year (note 14)	—	(361)	(361)
Obligations under lease liabilities due greater than one year (note 14)	—	(1,299)	(1,299)

Policy applicable from 1 November 2019:

The company as a lessee:

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Notes to the Financial Statements
for the year ended 31 October 2020**

1. ACCOUNTING POLICIES - continued

IFRS 16 "Leases" - continued

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

Where the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company as a lessor:

Intercompany rent receivable is recognised in the income statement on a straight-line basis over the term of the lease. In the event that a lease incentive is granted to a lessee, such incentives are recognised as an asset, with the aggregate cost of the incentive recognised as a reduction in rental income on a straight-line basis over the term of the lease. No such incentives have been granted to date.

Policy applicable before 1 November 2019:

In the comparative period, leases were only classified as operating leases when they did not meet the definition of finance leases under IAS 17 "Leases". Rentals payable under these leases were charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease. In the event that lease incentives were received to enter into operating leases, such incentives were recognised as a liability. The aggregate benefit of incentives was recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

Going concern

As described in the Directors' Report, 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.

Tangible fixed assets

Depreciation has been charged at the rate of 2% per annum on the buildings element of the cost of freehold property, after excluding the residual value of the buildings. Freehold land is not depreciated.

Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit.

Investment property

Investment properties are those properties owned by the company that are held to earn rental income, or for capital growth, or both. Investment properties are stated at historic cost, including related transaction and borrowing costs, less accumulated depreciation.

Depreciation has been charged at the rate of 2% per annum on the buildings element of the cost of freehold property, after excluding the residual value of the buildings. Freehold land is not depreciated.

Where there is evidence of impairment, investment properties are written down to recoverable amount. Any such write down would be charged to operating profit.

Revenue

Revenue represents inter-company rent receivable from fellow subsidiary undertakings, and recognises revenue to depict the transfer of promised goods or services an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services on a time-apportioned basis.

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Notes to the Financial Statements - continued
for the year ended 31 October 2020**

1. ACCOUNTING POLICIES - continued

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.

Investments

Investments in subsidiaries are stated at cost less provision for impairment in value. Reversals of provisions for impairment are recognised where there is a favourable change in the economic assumptions in the period since the provision was made.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

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 IFRS 9 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. Each year, the Directors review the fair value of investment properties compared to the historical cost carrying value and consider whether there are indicators of impairment. Given the straight forward nature of the company there are 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. REVENUE

The revenue and profit before taxation are attributable to the one principal activity of the company.

Revenue represents inter-company rent receivable from fellow subsidiary undertakings under operating leases.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 October 2020 nor for the year ended 31 October 2019.

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

	2020	2019
Directors	<u>3</u>	<u>3</u>

The directors did not receive emoluments for their services to the company (2019: £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 financial statements of Safestore Holdings plc. Directors' remuneration costs in respect of D Penniston are borne by Safestore Limited.

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Notes to the Financial Statements - continued
for the year ended 31 October 2020**

4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2020	2019
	£'000	£'000
Dividends received from subsidiaries	<u>3,007</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£'000	£'000
Interest on obligations under lease liabilities	<u>123</u>	<u>-</u>

6. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Other operating leases	-	1,481
Operating lease income	(1,054)	(3,784)
Depreciation - owned assets	88	285
Depreciation - leased assets	254	-
Impairment charge / (reversal)	<u>3,007</u>	<u>(48)</u>

Auditor's remuneration totalling £11,000 (2019: £11,000) 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 for the year ended 31 October 2020 nor for the year ended 31 October 2019.

Factors affecting the tax expense

The tax assessed for the year is lower (2019 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£'000	£'000
Profit before tax	<u>563</u>	<u>1,994</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.0% (2019 - 19.0%)	107	379
Effects of:		
Non-taxable income	(571)	-
Non-qualifying depreciation	17	54
Impairment/(reversal of impairment) of investments	571	(9)
Profits from tax exempt business	(123)	(424)
Transfer pricing adjustment income	68	157
Group relief not paid for	<u>(68)</u>	<u>(157)</u>
Tax for the year	<u>-</u>	<u>-</u>

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.

On 3 March 2021 the Budget announced that the main rate of Corporation Tax will increase from 19% to 25% from 1 April 2023.

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Notes to the Financial Statements - continued
for the year ended 31 October 2020**

8. DIVIDENDS PAID

Dividends per share of 65.28 pence totalling £58.8 million (2019: £nil) were paid during the year.

9. TANGIBLE FIXED ASSETS

	Freehold property £'000
COST	
At 1 November 2019	800
Intra-group transfer	<u>(800)</u>
At 31 October 2020	<u>-</u>
DEPRECIATION	
At 1 November 2019	280
Charge for year	5
Intra-group transfer	<u>(285)</u>
At 31 October 2020	<u>-</u>
NET BOOK VALUE	
At 31 October 2020	<u>-</u>
At 31 October 2019	<u>520</u>

As part of the wider group's corporate simplification project, during the year there was an internal property reorganisation with the Safestore group of companies, whereby the company transferred the net book value of its freehold property interest classified as tangible fixed assets to Safestore Properties Limited ("SPL").

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Notes to the Financial Statements - continued
for the year ended 31 October 2020**

10. INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 November 2019 and 31 October 2020	<u>14,513</u>
PROVISIONS FOR IMPAIRMENT	
At 1 November 2019	(11,506)
Charge for the year	<u>(3,007)</u>
At 31 October 2020	<u>(14,513)</u>
NET BOOK VALUE	
At 31 October 2020	<u><u>-</u></u>
At 31 October 2019	<u><u>3,007</u></u>

As part of the wider group's corporate simplification process, during the year Safestore Trading Limited ("STL"), a wholly owned subsidiary of the company distributed in specie £3.0 million of its intercompany receivable from Safestore Acquisition Limited, the company's immediate parent undertaking, to the company (note 3). This distribution subsequently reduced the net assets of STL, resulting in an impairment charge of £3.0 million for the company's investment in STL (note 6).

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

Safestore Trading Limited*¹

Country of incorporation: England & Wales

Nature of business: Non trading

Class of shares:	%
Ordinary	holding 100.00

* Owned directly by the company.

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

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Notes to the Financial Statements - continued
for the year ended 31 October 2020**

11. INVESTMENT PROPERTY

	Freehold and Long Leasehold £'000	Add-back of lease liabilities £'000	TOTAL £'000
COST			
At 1 November 2019	18,963	-	18,963
Adoption of IFRS 16	-	1,660	1,660
Disposals	-	(135)	(135)
Intra group transfer	(18,963)	-	(18,963)
At 31 October 2020	<u>-</u>	<u>1,525</u>	<u>1,525</u>
DEPRECIATION			
At 1 November 2019	4,005	-	4,005
Charge for the year	83	254	337
Disposals	-	(135)	(135)
Intra group transfer	(4,088)	-	(4,088)
At 31 October 2020	<u>-</u>	<u>119</u>	<u>119</u>
NET BOOK VALUE			
At 31 October 2020	<u>-</u>	<u>1,406</u>	<u>1,406</u>
At 31 October 2019	<u>14,958</u>	<u>-</u>	<u>14,958</u>

As part of the wider group's corporate simplification project, during the year there was an internal property reorganisation with the Safestore group of companies, whereby the company transferred all of its property interests except two leasehold stores to Safestore Properties Limited ("SPL"). The beneficial interest in each of these properties transferred to SPL on 10 March 2020. In August 2020, the lease for one of the remaining leasehold stores was surrendered as a consequence of SPL acquiring the freehold interest at the same time.

The fair value of the company's property portfolio is estimated at £3.7 million (2019: £173.2 million), based on a valuation by a suitably qualified and independent valuer. Further information can be found in note 13 of the Safestore Holdings plc annual report and consolidated financial statements for the year ended 31 October 2020.

Rental income earned from investment properties for the year ended 31 October 2020 was £1.1 million (2019: £3.8 million).

At the balance sheet date, the company had contracted to receive the following future minimum lease payments from fellow group undertakings under non-cancellable operating leases:

	2020 £'000	2019 £'000
Within one year	262	3,784
Between one and five years	1,050	8,311
In more than five years	<u>822</u>	<u>4,945</u>
	<u>2,134</u>	<u>17,040</u>

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

	2020 £'000	2019 £'000
Amounts owed by group undertakings	<u>-</u>	<u>38,811</u>

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

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Notes to the Financial Statements - continued
for the year ended 31 October 2020**

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

	2020 £'000	2019 £'000
Amounts owed by group undertakings	<u>930</u>	<u>-</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.

14. OBLIGATIONS UNDER LEASE LIABILITIES

Following the adoption of IFRS 16, the company now recognises lease liabilities and a corresponding asset for operating leases previously reported off-balance sheet.
The company leases its remaining investment property under lease liabilities.
The average remaining lease term is 8.1 years.

	Minimum lease payments 2020 £'000	Present value of minimum lease payments 2020 £'000
Within one year	236	225
Between one and five years	948	743
In more than five years	<u>742</u>	<u>438</u>
	1,926	1,406
Less: future finance charges on lease liabilities	<u>(520)</u>	<u>-</u>
	<u>1,406</u>	<u>1,406</u>

	2020 £'000
Obligations under lease liabilities < 1 year	225
Obligations under lease liabilities > 1 year	<u>1,181</u>
	<u>1,406</u>

Amounts recognised within the statement of comprehensive income include interest on lease liabilities of £123,000, variable lease payments not included in the measurement of lease liabilities of £nil and lease liabilities principal payments of £377,000.

A reconciliation of minimum lease payments under non-cancellable operating leases falling due as at 31 October 2019 to the lease liabilities recognised at 1 November 2019 after adopting IFRS 16 is as follows:

	£'000
Within one year	1,199
Within two to five years	4,568
Greater than five years	<u>10,061</u>
Non-cancellable operating leases as at 31 October 2019	15,828
Variable lease payments not previously recognised	844
Intra-group commitments reclassifications	(13,266)
Leases surrendered post transition reflected on transition	<u>(1,102)</u>
Opening lease liabilities before discounting	2,304
Discounted using incremental borrowing rate	(644)
Reasonably certain extension options	<u>-</u>
Total lease liabilities recognised under IFRS 16 at 1 November 2019	1,660

SPACES PERSONAL STORAGE LIMITED (REGISTERED NUMBER: 03512289)

**Notes to the Financial Statements - continued
for the year ended 31 October 2020**

14. OBLIGATIONS UNDER LEASE LIABILITIES - continued

The undiscounted maturity analysis of lease payments at 31 October 2020 is as follows:

	Less than one year £'000	One to two years £'000	Two to five years £'000	More than five years £'000
Obligations under lease liabilities	<u>236</u>	<u>237</u>	<u>711</u>	<u>742</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class		£'000	£'000
90,063,813	Ordinary	0.0001p (2019: 5p)	<u>-</u>	<u>4,503</u>

On 16 April 2020 in accordance with section 642 of the Companies Act 2006, reduction of share capital supported by solvency statement, the company reduced its share capital from £4,503,191 to £90.06 by reducing the nominal value of 90,063,813 ordinary shares of 5p each to ordinary share of 0.0001p each. The company also cancelled its entire share premium account in the amount of £36,690,713 (together the "Capital Reduction"); and that £41,193,814 arising upon the Capital Reduction being credited to the company's retained earnings.

16. IMMEDIATE AND ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent undertaking is Safestore Acquisition 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 Brittan House, Stirling Way, Borehamwood, Hertfordshire WD6 2BT United Kingdom.

17. CONTINGENT LIABILITIES

As part of the group banking arrangements, the company has guaranteed the borrowings totalling £456.0 million (2019: £414.3 million) of fellow Group undertakings by way of a charge over all of its property and assets. There are similar cross guarantees provided by Group companies in respect of any bank borrowings which the company may draw under a Group facility agreement. The financial liability associated with this guarantee is considered remote and therefore no provision has been recorded.