

Company Registration No. 4558833 (England and Wales)

CITY SELF-STORAGE LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



CITY SELF-STORAGE LIMITED

COMPANY INFORMATION

Director	P Linder
Secretary	Vantis Secretaries Limited
Company number	4558833
Registered office	82 St John Street London EC1M 4JN
Auditors	HLB Vantis Audit plc 82 St John Street London EC1M 4JN
Business address	Unit 7c Elsinore House 77 Fulham Palace Road London W6 8JA
Solicitors	Vantis Group Limited 82 St John Street London EC1M 4JN

CITY SELF-STORAGE LIMITED

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CITY SELF-STORAGE LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The director presents his report and financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company is that of storage room leasing management.

The subsidiary undertaking did not trade throughout the year.

Director

The following director has held office since 1 January 2005:

P Linder

Director's interests

The director's interest in the shares of the company was as stated below:

	Ordinary shares of £ 1 each	
	31 December 2005	1 January 2005
P Linder	-	-

The director's interest in the shares of the parent company are disclosed in that company's financial statements.

Auditors

On 1 January, 2006, Audit Assure changed its name and incorporated its practice into a limited company, HLB Vantis Audit plc, and in accordance with section 385 of the Companies Act 1985, a resolution proposing that HLB Vantis Audit plc be reappointed as auditors of the company will be put to the Annual General Meeting.

CITY SELF-STORAGE LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

Director's responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

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

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



P Linder

Director

30th October 2006

CITY SELF-STORAGE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CITY SELF-STORAGE LIMITED

We have audited the financial statements of City Self-Storage Limited for the year ended 31 December 2005 set out on pages 5 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of the director and auditors

As described in the Statement of Director's Responsibilities on page 2 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 director's 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 director's remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 director 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.

CITY SELF-STORAGE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF CITY SELF-STORAGE LIMITED

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended
- and have been properly prepared in accordance with the Companies Act 1985.

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1.1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £172,504 during the year ended 31 December 2005 and, at that date, the company's current liabilities exceeded its total assets by £2,880,132. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

HLB Vantis Audit plc

HLB Vantis Audit plc

31st October 2006

Chartered Accountants

Registered Auditors

82 St John Street
London
EC1M 4JN



CITY SELF-STORAGE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Turnover	2	1,713,052	-
Administrative expenses		(1,738,094)	(1,403,476)
Operating loss	3	(25,042)	(1,403,476)
Other interest receivable and similar income	4	970	819
Interest payable and similar charges	5	(148,432)	(93,527)
Loss on ordinary activities before taxation		(172,504)	(1,496,184)
Tax on loss on ordinary activities	6	-	-
Loss for the year	13	(172,504)	(1,496,184)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

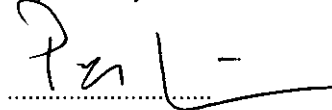
CITY SELF-STORAGE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005		2004	
		£	£	£	£
Fixed assets					
Tangible assets	7		33,016		25,450
Investments	8		1		1
			<u>33,017</u>		<u>25,451</u>
Current assets					
Debtors	9	2,138,539		30,194	
Cash at bank and in hand		<u>39,550</u>		<u>108,599</u>	
		2,178,089		138,793	
Creditors: amounts falling due within one year	10	<u>(5,091,238)</u>		<u>(2,871,872)</u>	
Net current liabilities			<u>(2,913,149)</u>		<u>(2,733,079)</u>
Total assets less current liabilities			<u>(2,880,132)</u>		<u>(2,707,628)</u>
Capital and reserves					
Called up share capital	12		1,000		1,000
Profit and loss account	13		<u>(2,881,132)</u>		<u>(2,708,628)</u>
Shareholders' funds	14		<u>(2,880,132)</u>		<u>(2,707,628)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board and authorised for issue on 30.10.06



P Linder
Director

CITY SELF-STORAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company is dependent on the financial support of its immediate parent company, City Self-Storage Holding AS, to enable it to continue trading. The director has received assurances from City Self-Storage Holding AS that they will continue to support the company for the foreseeable future in order that the company can settle its debts as they fall due for payment. On this basis, the director considers it appropriate that the financial statements should be prepared on the going concern basis.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently.

1.3 Turnover

Turnover represents amounts receivable from group companies for management service charges.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	25% straight line
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1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Pensions

The company operates a defined contribution scheme for the benefit of certain of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.8 Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and legislation. Timing differences arise from the inclusion of items of income and expenditure in the taxation computation in periods different from those in which they are included in the accounts.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. On the grounds of immateriality deferred tax assets and liabilities are not discounted.

CITY SELF-STORAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

(continued)

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of City Self-Storage Holding AS, a company incorporated in Norway, and is included in the consolidated accounts of that company.

2 Turnover

In the year to 31 December 2005 100.00% (2004 - 100.00%) of the company's turnover was to markets outside the United Kingdom.

3 Operating loss

	2005	2004
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	15,012	5,435
Loss on disposal of tangible assets	3,132	-
Loss on foreign exchange transactions	2,683	2,525
Auditors' remuneration	4,500	3,500
Director's emoluments	305,621	294,385

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2004 - 1).

4 Investment income

	2005	2004
	£	£
Bank interest	970	819

5 Interest payable

	2005	2004
	£	£
Included in interest payable is the following amount:		
On amounts payable to the parent company	148,432	93,521

CITY SELF-STORAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

6 Taxation

The company has estimated losses of £ 2,593,000 (2004: £ 2,575,000) available for carry forward against future trading profits.

A potential deferred tax asset of £777,900 (2004 - £772,500), which may arise from the trading losses, is sufficiently uncertain that it has not been recognised.

7 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2005	33,322
Additions	25,711
Disposals	(10,023)
	<hr/>
At 31 December 2005	49,010
	<hr/>
Depreciation	
At 1 January 2005	7,872
On disposals	(6,890)
Charge for the year	15,012
	<hr/>
At 31 December 2005	15,994
	<hr/>
Net book value	
At 31 December 2005	33,016
	<hr/>
At 31 December 2004	25,450
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CITY SELF-STORAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

8 Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 January 2005 & at 31 December 2005	1

Holdings of more than 20%

The company holds more than 20% of the share capital of the following company:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
City Self-Storage UK Limited	England & Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the result of this undertaking for the last relevant financial year was as follows:

		Capital and reserves 2005 £	Result for the year 2005 £
	Principal activity		
City Self-Storage UK Limited	Dormant subsidiary	1	-

City Self-Storage UK Limited was dormant during the year to 31 December 2005.

9 Debtors	2005 £	2004 £
Amounts owed by group undertakings	2,053,032	-
Other debtors	85,507	30,194
	<u>2,138,539</u>	<u>30,194</u>

CITY SELF-STORAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

10 Creditors: amounts falling due within one year	2005 £	2004 £
Trade creditors	139,142	84,564
Amounts owed to group undertakings	4,666,875	2,418,676
Taxation and social security	21,963	18,770
Other creditors	263,258	349,862
	<u>5,091,238</u>	<u>2,871,872</u>

Included within amounts owed to group undertakings is £4,666,875 (2004 - 2,407,590) due to City Self-Storage Holding AS, the immediate parent company. The loan is unsecured, interest is charged at 4.5% per annum on the outstanding balance and is repayable on demand.

11 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. At 31st December 2005 £nil (2004 - £nil) of contributions payable were outstanding.

	2005 £	2004 £
Contributions payable by the company for the year	<u>23,000</u>	<u>24,500</u>

12 Share capital	2005 £	2004 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

CITY SELF-STORAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2005	(2,708,628)
Loss for the year	(172,504)
Balance at 31 December 2005	<u>(2,881,132)</u>

14 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Loss for the financial year	(172,504)	(1,496,184)
Opening shareholders' funds	<u>(2,707,628)</u>	<u>(1,211,444)</u>
Closing shareholders' funds	<u>(2,880,132)</u>	<u>(2,707,628)</u>

15 Financial commitments

At 31 December 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2006:

	Land and buildings	
	2005 £	2004 £
Operating leases which expire:		
Between two and five years	<u>28,175</u>	<u>-</u>

16 Capital commitments

	2005 £	2004 £
At 31 December 2005 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	<u>13,500</u>	<u>-</u>

17 Transactions with directors

Included within trade creditors is an amount of £3,287 (2004 - £4,188) due to P Linder, the director of the company.

CITY SELF-STORAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

18 Control

The company's immediate parent undertaking is City Self-Storage Holding AS and its ultimate parent and controlling party is Selvaag Gruppen AS, both companies are incorporated in Norway.

The largest and smallest group for which group accounts are prepared, and of which the company is a member, are Selvaag Gruppen AS and City Self-Storage Holding AS. Copies of the accounts for both these groups can be obtained from Lorenvangen 22, 0512 Oslo, Norway.

19 Related party transactions

Turnover represents amounts receivable from fellow subsidiaries, and included within administrative expenses are £158,146 of costs charged by Selvaag Shared Services AS, a fellow subsidiary.

In addition to the related party transaction disclosed in note 10, the following amounts are included in amounts owed by group companies, all of which are fellow subsidiaries:

- a) £127,999 (2004 - £11,085 (owed to)) owed by City Self-Storage Czech s.r.o.
- b) £418,739 (2004 - £nil) owed by City Self Storage S.L
- c) £22,828 (2004 - £nil) owed by City Self Storage
- d) £558,318 (2004 - £nil) owed by City Self Storage Norge AS
- e) £488,529 (2004 - £nil) owed by City Self Storage Danmark AS
- f) £69,790 (2004 - £nil) owed by City Self Storage S.r.L
- g) £350,477 (2004 - £nil) owed by City Self Storage Sverige AB.
- h) £16,352 (2004 - £nil) owed by Selvaag Shared Services AS.