

Shurgard Denmark ApS
Sundkrogsgade 21
2100 Copenhagen Ø
Central Business Registration No
30202503

Annual report 2016

The Annual General Meeting adopted the annual report on 29.05.2017

Chairman of the General Meeting

Name: Marc Oursin

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Entity details

Entity

Shurgard Denmark ApS
Sundkrogsgade 21
2100 Copenhagen Ø

Central Business Registration No: 30202503

Registered in: Copenhagen

Financial year: 01.01.2016 - 31.12.2016

Website: www.shurgard.dk

E-mail: info@shurgard.dk

Executive Board

Marc Oursin

Entity auditors

Ernst & Young Godkendt Revisionspartnerselskab

Osvald Helmuths Vej 4

Postboks 250

2000 Frederiksberg

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Shurgard Denmark ApS for the financial year 01.01.2016 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, den 29.05.2017

Executive Board

Marc Oursin

Independent auditor's report

To the shareholders of Shurgard Denmark ApS

Opinion

We have audited the financial statements of Shurgard Denmark ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial statements Act, and for such internal control as Management determines 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, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and 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 management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial statements Act. We did not identify any material misstatement of the management commentary.

Frederiksberg, 29.05.2017

Ernst & Young

Godkendt Revisionspartnerselskab

Central Business Registration No: 30700228

Kaare Kristensen Lindorf

State Authorised Public Accountant

Management commentary

	2016	2015	2014	2013	2012
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	95.917	93.846	89.187	85.004	88.142
Gross profit/loss	55.476	54.607	52.705	45.109	46.104
Operating profit/loss	45.449	44.038	22.269	15.193	17.266
Net financials	(19.124)	(16.943)	(19.940)	(22.155)	(18.650)
Profit/loss for the year	18.067	19.365	(5.451)	(12.547)	(9.188)
Total assets	373.444	391.290	428.380	448.691	497.472
Investments in property, plant and equipment	0	0	9	0	0
Equity	48.604	30.537	11.171	86.622	110.579
Ratios					
Gross margin (%)	57,8	58,2	59,1	53,1	52,3
Net margin (%)	18,8	20,6	(6,1)	(14,8)	(10,4)
Return on equity (%)	45,7	92,9	(11,1)	(12,7)	(14,7)
Equity ratio (%)	13,0	7,8	2,6	19,3	22,2

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's activities comprise construction, projecting, acquisition and lease of real property as well as related products and businesses.

Development in activities and finances

The annual report shows a net gain of DKK 18.067 thousand. Management considers the result expected and satisfactory

Effect on the external environment

Using only ecofriendly components, the company has no adverse impact on the external environment.

Outlook

Management expects a positive result in the coming year.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Revenue		95.916.823	93.846.421
Costs of raw materials and consumables		(516.875)	(583.052)
Other external expenses		<u>(39.924.200)</u>	<u>(38.656.540)</u>
Gross profit/loss		55.475.748	54.606.829
Staff costs	1	(10.023.650)	(10.565.592)
Depreciation, amortisation and impairment losses	2	<u>(3.011)</u>	<u>(3.003)</u>
Operating profit/loss		45.449.087	44.038.234
Income from investments in group enterprises		(11.206.148)	(8.057.210)
Other financial income	3	10.237.111	10.180.227
Other financial expenses	4	<u>(18.155.247)</u>	<u>(19.065.933)</u>
Profit/loss before tax		26.324.803	27.095.318
Tax on profit/loss for the year	5	<u>(8.257.453)</u>	<u>(7.730.127)</u>
Profit/loss for the year	6	<u>18.067.350</u>	<u>19.365.191</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Other fixtures and fittings, tools and equipment		2.123	5.134
Property, plant and equipment	7	2.123	5.134
Investments in group enterprises		202.878.777	214.084.925
Receivables from group enterprises		160.509.400	165.183.163
Fixed asset investments	8	363.388.177	379.268.088
Fixed assets		363.390.300	379.273.222
Manufactured goods and goods for resale		144.903	115.840
Inventories		144.903	115.840
Trade receivables		8.028.620	7.981.552
Receivables from group enterprises		0	1.174.699
Deferred tax	9	19.000	24.393
Other receivables		1.278.670	1.266.955
Prepayments	10	93.931	197.714
Receivables		9.420.221	10.645.313
Cash		488.785	1.255.476
Current assets		10.053.909	12.016.629
Assets		373.444.209	391.289.851

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital	11	380.000	380.000
Retained earnings		<u>48.223.928</u>	<u>30.156.578</u>
Equity		<u>48.603.928</u>	<u>30.536.578</u>
Payables to group enterprises		<u>310.426.875</u>	<u>346.371.143</u>
Non-current liabilities other than provisions	12	<u>310.426.875</u>	<u>346.371.143</u>
Trade payables		92.575	848.150
Income tax payable		373.000	546.000
Other payables		5.273.746	4.213.492
Deferred income	13	<u>8.674.085</u>	<u>8.774.488</u>
Current liabilities other than provisions		<u>14.413.406</u>	<u>14.382.130</u>
Liabilities other than provisions		<u>324.840.281</u>	<u>360.753.273</u>
Equity and liabilities		<u>373.444.209</u>	<u>391.289.851</u>
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Mortgages and securities	16		
Transactions with related parties	17		
Group relations	18		

Statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Total DKK
	<u> </u>	<u> </u>	<u> </u>
Equity beginning of year	380.000	30.156.578	30.536.578
Profit/loss for the year	0	18.067.350	18.067.350
Equity end of year	<u>380.000</u>	<u>48.223.928</u>	<u>48.603.928</u>

Notes

	2016	2015
	DKK	DKK
1. Staff costs		
Wages and salaries	9.263.285	9.632.991
Pension costs	562.353	675.688
Other social security costs	198.012	256.913
	10.023.650	10.565.592
Average number of employees	28	25
	2016	2015
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	3.011	3.003
	3.011	3.003
	2016	2015
	DKK	DKK
3. Other financial income		
Financial income arising from group enterprises	10.221.113	10.149.775
Interest income	15.998	30.452
	10.237.111	10.180.227
	2016	2015
	DKK	DKK
4. Other financial expenses		
Financial expenses from group enterprises	17.513.229	18.436.135
Interest expenses	642.018	629.798
	18.155.247	19.065.933
	2016	2015
	DKK	DKK
5. Tax on profit/loss for the year		
Tax on current year taxable income	8.253.000	8.304.000
Change in deferred tax for the year	5.393	(36.434)
Adjustment concerning previous years	(940)	(537.439)
	8.257.453	7.730.127

Notes

	2016	2015
	DKK	DKK
6. Proposed distribution of profit/loss		
Retained earnings	18.067.350	19.365.191
	18.067.350	19.365.191
		Other fixtures and fittings, tools and equipment DKK
7. Property, plant and equipment		
Cost beginning of year		582.388
Cost end of year		582.388
Depreciation and impairment losses beginning of the year		(577.254)
Impairment losses for the year		(3.011)
Depreciation and impairment losses end of the year		(580.265)
Carrying amount end of year		2.123
	Investments in group enterprises DKK	Receivables from group enterprises DKK
8. Fixed asset investments		
Cost beginning of year	260.932.627	165.183.163
Disposals	0	(4.673.763)
Cost end of year	260.932.627	160.509.400
Impairment losses beginning of year	(46.847.702)	0
Share of profit/loss for the year	(11.206.148)	0
Impairment losses end of year	(58.053.850)	0
Carrying amount end of year	202.878.777	160.509.400

Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
Investments in group enterprises comprise:			
Shurgard Real Estate ApS	Copenhagen	ApS	100,0

	<u>2016 DKK</u>	<u>2015 DKK</u>
9. Deferred tax		
Property, plant and equipment	19.000	24.393
	19.000	24.393

Changes during the year

Beginning of year	24.393
Recognised in the income statement	(5.393)
End of year	19.000

10. Prepayments

Prepayments comprise prepaid expenses.

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
11. Contributed capital			
Shares	380	1000	380.000
	380		380.000

12. Liabilities other than provisions

Payables to group enterprises	187.000.000
	187.000.000

Loan of DKK 40 million due in 2017 is renewed with a due date 2027 and reported as beyond 12 months above.

Notes

13. Deferred income

Deferred income comprise income relating to the next financial year.

	2016	2015
	DKK	DKK
14. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	1.011.731	1.486.242

15. Contingent liabilities

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

16. Mortgages and securities

No assets are pledged.

17. Transactions with related parties

Referring to section 98 c (7) of the Danish Financial Statements Act, Shurgard Denmark ApS has not disclosed transactions with related parties.

18. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Shurgard Self Storage Europe Ltd. 1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St. Peter Port Guernsey GY 1 1 EW

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Shurgard Self Storage Europe Ltd. 1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St. Peter Port Guernsey GY 1 1 EW

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Referring to section 112(1) of the Danish Financial Statements Act, Shurgard Denmark ApS has not prepared consolidated financial statements.

The accounting policies applied for these financial statements are consistent with those applied last year.

The new Financial Act of 2015 has been implemented but has no impact on the reported figures.

The financial statements are presented in Danish kroner.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Accounting policies

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. .

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally five years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Accounting policies

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

Pursuant to section 86 (4) of the Danish Financial Statements Act the Company has not prepared any cash flow statement, as is it included in the annual report of Shurgard Self Storage Europe Ltd.