

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

Annual report 2015

The Annual General Meeting adopted the annual report on 31.05.2016

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: 01.01.2015 - 31.12.2015

Internet: www.shurgard.dk

E-mail: info@shurgard.dk

Executive Board

Marc Oursin

Auditors

Ernst & Young Statsautoriseret 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 01.01.2015 - 31.12.2015.

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 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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, 31.05.2016

Executive Board

Marc Oursin

Independent auditor's reports

To the owners of Shurgard Denmark ApS

Report on the financial statements

We have audited the financial statements of Shurgard Denmark ApS for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 31.05.2016

Ernst & Young

Statsautoriseret Revisionspartnerselskab

Kaare Kristensen Lendorf
State Authorised Public Accountant

CVR-nr. 30700228

Management commentary

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial high-lights					
Key figures					
Revenue	93.846	89.187	85.004	85.171	88.142
Gross profit/loss	54.607	52.705	45.109	49.338	46.104
Operating profit/loss	44.038	22.269	15.193	20.828	17.266
Net financials	(16.943)	(19.940)	(22.155)	(26.391)	(18.650)
Profit/loss for the year	19.365	(5.451)	(12.547)	(11.410)	(9.188)
Total assets	391.290	428.380	448.691	478.536	497.472
Equity	30.537	11.171	86.622	99.169	110.579
Ratios					
Gross margin (%)	58,2	59,1	53,1	57,9	52,3
Net margin (%)	20,6	(6,1)	(14,8)	(13,4)	(10,4)
Return on equity (%)	92,9	(11,1)	(13,5)	(10,9)	(14,7)
Solvency ratio (%)	7,8	2,6	19,3	20,7	22,2

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 19,365 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.

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.

Reporting currency

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.

Amortisation, depreciation 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.

Accounting policies

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.

Income taxes

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.

Accounting policies

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.

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.

Accounting policies

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 Luxembourg S.A.R.L.

Financial highlights

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

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	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.
Soliditetsgrad (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Revenue		93.846.421	89.186.994
Costs of raw materials and consumables		(583.052)	(659.513)
Other external expenses		<u>(38.656.540)</u>	<u>(35.822.913)</u>
Gross profit/loss		54.606.829	52.704.568
Staff costs	1	(10.565.592)	(10.857.810)
Depreciation, amortisation and impairment losses	2	<u>(3.003)</u>	<u>(19.577.985)</u>
Operating profit/loss		44.038.234	22.268.773
Income from investments in group enterprises		(8.057.210)	(9.828.400)
Other financial income	3	10.180.227	11.440.239
Other financial expenses	4	<u>(19.065.933)</u>	<u>(21.551.342)</u>
Profit/loss from ordinary activities before tax		27.095.318	2.329.270
Tax on profit/loss from ordinary activities	5	<u>(7.730.127)</u>	<u>(7.780.075)</u>
Profit/loss for the year		<u>19.365.191</u>	<u>(5.450.805)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>19.365.191</u>	<u>(5.450.805)</u>
		<u>19.365.191</u>	<u>(5.450.805)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Other fixtures and fittings, tools and equipment		5.134	8.137
Property, plant and equipment	6	<u>5.134</u>	<u>8.137</u>
Investments in group enterprises		214.084.925	222.142.135
Receivables from group enterprises		165.183.163	195.141.940
Fixed asset investments	7	<u>379.268.088</u>	<u>417.284.075</u>
Fixed assets		<u>379.273.222</u>	<u>417.292.212</u>
Manufactured goods and goods for resale		115.840	91.288
Inventories		<u>115.840</u>	<u>91.288</u>
Trade receivables		7.981.552	7.439.987
Receivables from group enterprises		1.174.699	0
Deferred tax assets		24.393	0
Other short-term receivables		1.266.955	1.260.539
Prepayments	8	197.714	113.501
Receivables		<u>10.645.313</u>	<u>8.814.027</u>
Cash		<u>1.255.476</u>	<u>2.182.961</u>
Current assets		<u>12.016.629</u>	<u>11.088.276</u>
Assets		<u><u>391.289.851</u></u>	<u><u>428.380.488</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital	9	380.000	380.000
Retained earnings		<u>30.156.578</u>	<u>10.791.387</u>
Equity		<u>30.536.578</u>	<u>11.171.387</u>
Provisions for deferred tax		<u>0</u>	<u>12.041</u>
Provisions		<u>0</u>	<u>12.041</u>
Payables to group enterprises		<u>346.371.143</u>	<u>373.183.673</u>
Non-current liabilities other than provisions	10	<u>346.371.143</u>	<u>373.183.673</u>
Trade payables		848.150	549.577
Debt to group enterprises		0	26.896.141
Income tax payable		546.000	3.400.000
Other payables		4.213.492	4.626.078
Deferred income	11	<u>8.774.488</u>	<u>8.541.591</u>
Current liabilities other than provisions		<u>14.382.130</u>	<u>44.013.387</u>
Liabilities other than provisions		<u>360.753.273</u>	<u>417.197.060</u>
Equity and liabilities		<u><u>391.289.851</u></u>	<u><u>428.380.488</u></u>
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Assets charged and collateral	14		
Ownership	15		
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Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	380.000	10.791.387	11.171.387
Profit/loss for the year	0	19.365.191	19.365.191
Equity end of year	380.000	30.156.578	30.536.578

Notes

	2015 DKK	2014 DKK
1. Staff costs		
Wages and salaries	9.632.991	10.025.092
Pension costs	675.688	601.748
Other social security costs	256.913	230.970
	10.565.592	10.857.810
Number of employees at balance sheet date	22	22
	2015 DKK	2014 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	0	19.576.141
Depreciation of property, plant and equipment	3.003	1.844
	3.003	19.577.985
	2015 DKK	2014 DKK
3. Other financial income		
Financial income arising from group enterprises	10.149.775	11.355.297
Interest income	30.452	84.942
	10.180.227	11.440.239
	2015 DKK	2014 DKK
4. Other financial expenses		
Financial expenses from group enterprises	18.436.135	21.130.502
Interest expenses	629.798	420.840
	19.065.933	21.551.342
	2015 DKK	2014 DKK
5. Tax on ordinary profit/loss for the year		
Current tax	8.304.000	7.868.903
Change in deferred tax for the year	(36.434)	(88.633)
Adjustment relating to previous years	(537.439)	(195)
	7.730.127	7.780.075

Notes

	Other fixtures and fittings, tools and equipment DKK
6. Property, plant and equipment	
Cost beginning of year	582.388
Cost end of year	582.388
Depreciation and impairment losses beginning of the year	(574.251)
Impairment losses for the year	(3.003)
Depreciation and impairment losses end of the year	(577.254)
Carrying amount end of year	5.134

	Investments in group enterprises DKK	Receivables from group enterprises DKK
7. Fixed asset investments		
Cost beginning of year	260.932.627	195.141.940
Disposals	0	(29.958.777)
Cost end of year	260.932.627	165.183.163
Impairment losses beginning of year	(38.790.492)	0
Share of profit/loss after tax	(8.057.210)	0
Impairment losses end of year	(46.847.702)	0
Carrying amount end of year	214.084.925	165.183.163

	Registered in	Corporate form	Equity interest %
Subsidiaries:			
Shurgard Real Estate ApS	Copenhagen	ApS	100,00

8. Prepayments

Prepayments comprise prepaid expenses.

Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
9. Contributed capital			
Shares	380	1.000,00	380.000
	<u>380</u>		<u>380.000</u>

	<u>2015 DKK</u>	<u>2014 DKK</u>	<u>2013 DKK</u>	<u>2012 DKK</u>	<u>2011 DKK</u>
Changes in contributed capital					
Contributed capital beginning of year	380.000	380.000	380.000	125.000	125.000
Increase of capital	0	0	0	255.000	0
Contributed capital end of year	<u>380.000</u>	<u>380.000</u>	<u>380.000</u>	<u>380.000</u>	<u>125.000</u>

	<u>Instalments within 12 months 2014 DKK</u>	<u>Instalments within 12 months 2015 DKK</u>	<u>Instalments beyond 12 months 2015 DKK</u>	<u>Outstanding after 5 years 2015 DKK</u>
10. Long-term liabilities other than provisions				
Payables to group enterprises	0	0	346.371.143	345.255.798
	<u>0</u>	<u>0</u>	<u>346.371.143</u>	<u>345.255.798</u>

11. Short-term deferred income

Deferred income comprise

	<u>2015 DKK</u>	<u>2014 DKK</u>
12. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	<u>1.486.242</u>	<u>250.916</u>

13. 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.

Notes

14. Assets charged and collateral

Until the 25th of June 2015, the Company was guarantor under a note purchase and guarantee agreement governed by English law and entered into on 24 July 2014 between Shurgard Luxembourg Sàrl as borrower, certain subsidiaries of Shurgard Luxembourg Sàrl as guarantors and the Purchasers as defined therein.

15. Ownership

The Company has registered the following shareholder to hold more than 5% of the voting share capital or of the nominal value of the share capital:

- Shurgard Holding Luxembourg S.A.R.L., Rue Gabriel Lippmann 6C, L-5365 Munsbach.

16. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Shurgard Self Storage Europe Ltd. 1st and 2nd Floors, Elisabeth House, Les Ruettes Brayes, St. Peter Port, Guernsey GY1 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, Elisabeth House, Les Ruettes Brayes, St. Peter, Guernsey GY1 1 EW