Big Yellow Group PLC

Annual Report & Accounts 2011

The customer is at the heart of our business…

and drives everything we do

THE BIG YELLOW SELF STORAGE COMPANY

Get some space in your life.™

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A Quality business...

We are the innovative leaders in the UK self storage industry, providing individuals and businesses with an unrivalled product, the best locations, the best quality facilities and the strongest brand.

We have great people who deliver the best customer service. We achieve this because we encourage a culture of partnership within the business and reward our people for their contribution.

Our exposure to London, dominant brand, innovative marketing and customer service, coupled with our strong balance sheet and financial position, **gives us a significant advantage.**

Growth in occupancy, revenue, cash flow, adjusted earnings and dividend.

Financial Highlights

- Occupancy growth of 215,000 sq ft across all stores (2010: growth of 140,000 sq ft)
- Store revenue for the year up 8% to £59.6 million (2010: £55.1 million)
- Store revenue for the fourth quarter increased by 7% to £14.6 million from £13.7 million for the same quarter last year
- Store revenue for the second half of the year of £29.7 million up 7% compared to the second half of the prior year of £27.7 million
- Revenue of £61.9 million, an increase of £3.9 million (7%) compared to £58.0 million for the prior year
- Store EBITDA up 13% to £37.1 million from £32.7 million in 2010
- Adjusted profit before tax[1] of £20.2 million up 22% (2010: £16.5 million)
- Diluted EPRA earnings per share[2] up 19% to 15.49 pence (2010: 12.99 pence)
- Cash inflows from operating activities (after interest) increased by 23% to £23.5 million (2010: £19.1 million)
- Group net debt reduced by £3.4 million to £266.0 million from £269.4 million at 31 March 2010
- Adjusted net assets per share[3] down 1% to 449.8 pence from 453.3 pence as at 31 March 2010
- Final dividend of 5 pence per share declared (2010: 4 pence per share), full year dividend of 9 pence per share (2010: 4 pence per share)

[1] See note 10 [2] See note 12 [3] See notes 12 and 14

Other Statutory Measures

- Profit before tax for the year £6.9 million (2010: £10.2 million)
- Basic earnings per share 5.34 pence (2010: 8.11 pence)
- Basic net assets per share 421.9 pence (2010: 424.0 pence)[2]

Quality results...

- Occupancy growth of 215,000 sq ft across all stores (2010: growth of 140,000 sq ft)

215,000 sq ft

- Adjusted profit before tax of £20.2 million up 22% (2010: £16.5 million)

£20.2m

- Diluted EPRA earnings per share up 19% to 15.49 pence (2010: 12.99 pence)

+19%

- Full year dividend of 9 pence per share declared (2010: 4 pence per share)

9p

- Store revenue for the year up 8% to £59.6 million (2010: £55.1 million)

£59.6m

- Cash inflows from operating activities increased by 23% to £23.5 million (2010: £19.1 million)

£23.5m

THE SUNDAY TIMES 100 BEST COMPANIES TO WORK FOR 2010

FTSE4Good

An **unrivalled portfolio** of stores across London, the South East and other large metropolitan cities.

A Quality nationwide portfolio...

from a network of conveniently located stores

"...Big Yellow's philosophy is to provide personal and business users with exceptional customer service from a network of high profile, conveniently located stores."

Outside London – 32 stores and sites

KEY
- London stores
- 52 Wholly owned stores
- 6 Wholly owned stores under development
- 11 Stores trading in Big Yellow Limited Partnership
- 1 Big Yellow Limited Partnership store under development
- 10 Managed Armadillo stores

London – 38 stores and sites

Eltham, April 2011
MLA - 70,000 sq ft

Camberley, January 2011
MLA - 63,000 sq ft

High Wycombe, June 2010
MLA - 60,000 sq ft

Reading, December 2009
MLA - 60,000 sq ft

Sheffield Bramall
September 2009

Liverpool, March 2009
MLA - 60,000 sq ft

Bromley, March 2009
MLA - 71,000 sq ft

Birmingham, February 2009
MLA - 60,000 sq ft

Sheen, December 2008
MLA - 64,000 sq ft

Sheffield Hillsboro
October 2008 MLA

Barking, November 2007
MLA - 60,000 sq ft

Ealing Southall, November 2007
MLA - 57,000 sq ft

Sutton, July 2007
MLA - 70,000 sq ft

Gloucester, December 2006
MLA - 50,000 sq ft

Edmonton, Octobe
MLA - 80,000 sq ft

Bristol Central, March 2006
MLA - 64,000 sq ft

North Kensington,
December 2005 MLA - 51,000 sq ft

Leeds, July 2005
MLA - 76,000 sq ft

Beckenham, May 2005
MLA - 71,000 sq ft

Tolworth, Novemb
MLA - 56,000 sq ft

Chelmsford, April 2003
MLA - 54,000 sq ft

Finchley North, March 2003
MLA - 63,000 sq ft

West Norwood, January 2003
MLA - 57,000 sq ft

Colchester, December 2002
MLA - 55,000 sq ft

Bow, November 20
MLA - 132,000 sq ft

Battersea, December 2001
MLA - 34,000 sq ft

Ilford, November 2001
MLA - 58,000 sq ft

Cardiff, October 2001
MLA - 75,000 sq ft

Portsmouth, October 2001
MLA - 61,000 sq ft

Norwich, Septemb
MLA - 48,000 sq ft

Staples Corner, March 2001
MLA - 111,000 sq ft

Romford, November 2000
MLA - 70,000 sq ft

Milton Keynes, September 2000
MLA - 61,000 sq ft

Cheltenham, April 2000
MLA - 50,000 sq ft

Slough, February 2
MLA - 67,000 sq ft

Lane,
LA - 60,000 sq ft

Poole, August 2009
MLA - 53,000 sq ft

Nottingham, August 2009
MLA - 65,000 sq ft

Edinburgh, July 2009
MLA - 60,000 sq ft

Twickenham, May 2009
MLA - 76,000 sq ft

ugh,
- 60,000 sq ft

Kennington, May 2008
MLA - 66,000 sq ft

Merton, March 2008
MLA - 70,000 sq ft

Fulham, March 2008
MLA - 139,000 sq ft

Balham, March 2008
MLA - 60,000 sq ft

r 2006

Kingston, August 2006
MLA - 61,000 sq ft

Bristol Ashton Gate, July 2006
MLA - 61,000 sq ft

Finchley East, May 2006
MLA - 54,000 sq ft

Tunbridge Wells, April 2006
MLA - 57,000 sq ft

er 2004

Watford, August 2004
MLA - 64,000 sq ft

Swindon, April 2004
MLA - 53,000 sq ft

Orpington, December 2003
MLA - 64,000 sq ft

Byfleet, November 2003
MLA - 48,000 sq ft

02

Brighton, October 2002
MLA - 59,000 sq ft

Guildford, June 2002
MLA - 55,000 sq ft

New Malden, May 2002
MLA - 81,000 sq ft

Hounslow, December 2001
MLA - 54,000 sq ft

er 2001

Dagenham, July 2001
MLA - 50,000 sq ft

Wandsworth, April 2001
MLA - 57,000 sq ft

Luton, March 2001
MLA - 41,000 sq ft

Southend, March 2001
MLA - 57,000 sq ft

2000

Hanger Lane, October 1999
MLA - 65,000 sq ft

Oxford, August 1999
MLA - 33,000 sq ft

Croydon, July 1999
MLA - 81,000 sq ft

Richmond, May 1999
MLA - 35,000 sq ft

Occupancy across all of our 62 stores increased by 215,000 sq ft during the financial year, compared to an increase of 140,000 sq ft across 60 stores in the prior year.

Chairman's Statement

Big Yellow Group PLC ("Big Yellow", "the Group" or "the Company"), the UK's leading self storage brand, is pleased to announce results for the fourth quarter and year ended 31 March 2011.

I reported last year that the Group was enjoying a recovery in line with the slowly improving economic picture. This recovery has continued in the current year, and I am pleased to report that occupancy across all of our 62 stores increased by 215,000 sq ft during the financial year, compared to an increase of 140,000 sq ft across 60 stores in the prior year. The occupancy of our 51 wholly owned stores at 31 March 2011 has grown by 117,000 sq ft to 59.3% from 55.7% at the same time last year.

The average net rent per sq ft achieved during the year, after all discounts and promotional offers, increased by 2% to £26.82. This is consistent with our strategy for the next couple of years of focussing on growing occupancy in the stores with a lower expectation of average rental rate growth compared to historically achieved rates of growth.

We are pleased with the performance of our stores, particularly given the backdrop of the level of housing transactions and mortgage approvals to owner occupiers which, whilst improved from the trough in 2009, averaged 47,000 per month for the financial year, against a twenty year average of 89,000 per month. The demand for self storage, which is driven by changing circumstances for individuals and businesses, has also benefited from the slowly improving UK economy.

Financial Results

Revenue for the year was £61.9 million (2010: £58.0 million), an increase of 7%; store revenue increased by 8% to £59.6 million (2010: £55.1 million). EBITDA for the 51 wholly owned stores increased by £4.4 million to £37.1 million.

Store revenue for the fourth quarter increased by 7% to £14.6 million from £13.7 million for the same quarter last year. Store revenue in the second half of the year was £29.7 million, up 7% from £27.7 million for the second half of the year ended 31 March 2010.

Cash inflows from operating activities (after finance costs) increased by £4.4 million (23%) to £23.5 million for the year (2010: £19.1 million).

The Group made an adjusted profit before tax in the period of £20.2 million (2010: £16.5 million). This translated into a 19% increase in adjusted earnings per share to 15.49 pence (2010: 12.99p).

The Group made a statutory profit before tax for the year of £6.9 million, compared to £10.2 million last year. This reduction reflects the decrease in the valuation of the Group's open stores, partially offset by the improved recurring profit. The Operating and Financial Review contains more detail on the operating assumptions underpinning the ten year cash flow which have led to a 2% reduction in value of the store portfolio from the same time last year.

The Group remains relatively conservatively geared with net bank debt of £266.0 million at 31 March 2011 (2010: £269.4 million). This represents approximately 33% (2010: 33%) of the Group's gross property assets totalling £809.7 million (2010: £815.8 million) and 45% (2010: 45%) of the adjusted net assets of £591.4 million (2010: £593.8 million).

The Group's income cover for the year expressed as the ratio of Group EBITDA post admin expenses to net interest payable was 2.8 times.

Property

Our store in Eltham opened shortly after the year end. We now have a pipeline of six wholly owned development sites; all bar our site in Central Manchester have planning consent. We are constructing our stores in Chiswick and New Cross; both of which are due to open in Spring 2012.

The three development sites with planning consent at Enfield, Guildford Central and Gypsy Corner have an estimated cost to complete of £17 million, and will be developed over the next three years, subject to trading conditions.

During the year we sold our surplus site at Clapham North to a social housing developer for £3.3 million. We have exchanged a contract to sell our surplus land at Blackheath to a social housing developer, conditional on planning and grant funding. We have also obtained planning consent for a 92 bedroom hotel on our surplus site at Richmond and have entered into a pre-let with Premier Inn and started construction shortly after the year end. We have agreed terms and solicitors have been instructed to sell the completed hotel investment as a forward commitment. At 31 March 2011, the Group owned approximately a further £17.6 million of land surplus to our requirements. We aim to sell the remaining surplus land once we have maximised its value through planning.

Since September 2007 we have only acquired three sites given the level of uncertainty following the onset of the financial crisis. At the time we had a significant development pipeline of 24 sites, of which 11 had planning consent. In the past three and a half years we have obtained a further 15 planning consents and built out twenty stores (ten in the Partnership and ten in the wholly owned group), adding 1.3 million sq ft of self storage capacity. We continue to monitor site acquisition opportunities, principally focussed on London.

Growth Opportunity

We have spent the last decade developing the market leading Big Yellow brand with a current store network of 63 stores, largely focussed on London and the South East, where the drivers for self storage are strongest and barriers to entry are at their highest. We believe that this is the most resilient and dynamic part of the economy and will be less affected by the proposed public spending cuts. Our stores outside London and the South East are in the larger metropolitan cities in the South West, Midlands and the North, where similar characteristics can be found. One outcome from the recent economic downturn has been a significant slowdown in self storage openings, with very few stores expected to open in 2011, particularly in these large urban conurbations. Indeed in some of our markets, capacity has reduced marginally as smaller operators have closed down and sold their customer base to other operators.

71% of our current revenue derives from within the M25; for London and the South East, the proportion of current revenue rises to 89%. We would expect the proportion of revenue from London to increase over time as 72% of the current available vacant capacity in the wholly owned stores is in London, where the average net rent per sq ft is also higher.

We believe that the value creation opportunity in this business for shareholders will in the medium term be driven mainly from leasing up stores to drive revenue, the vast majority of which flows through to the bottom line given that our operating costs are already largely embedded. We have increased occupancy of the wholly owned stores from 55.7% to 59.3% in the year, and this has translated into a £4.0 million increase in our annualised store revenue and a £4.4 million increase in the Group's operating cash flow after finance costs.

Dividend

REIT regulatory requirements determine the level of Property Income Dividend ("PID") payable by the Group. On the basis of the distributable reserves for PID purposes, a PID of 4 pence per share is payable for the year, of which 2 pence per share will be paid as part of the final dividend in addition to the 2 pence per share paid in December 2010 (31 March 2010: PID of nil pence per share).

The Board has reviewed our anticipated capital expenditure over the medium term, our forecast operating cash flow and the resultant levels of debt, balance sheet gearing and income cover. Following this review the Board is recommending the payment of a discretionary ordinary final dividend of 3 pence per share, taking the proposed final dividend to 5 pence per share and the total dividend declared for the year to 9 pence per share.

The cash dividend payment is two times covered by our free cash flow.

Banking

Santander have joined our core banking syndicate during the year, taking £25 million of the £325 million facility. HSBC have increased their participation in the year from £25 million to £50 million of the facility. We have a supportive group of banks who understand the self storage sector; Lloyds, HSBC, Santander and HSH Nordbank. I would like to thank them for their support.

Our People

The efforts of the Big Yellow team, both at head office and in the stores, have delivered this performance and they remain pivotal to the achievement of our key medium term objectives of driving occupancy, revenue, and cash flow growth. Thank you.

Board

We have strengthened the Board during the year with the appointment of Steve Johnson as a Non-Executive Director. Steve has significant experience in marketing and retail and I believe he will add considerable value to the Board.

Outlook

It is of no surprise to us that the recovery in the UK economy is so muted, given the combined effects of the fiscal consolidation, the pressure on disposable incomes, and the constrained lending to businesses and individuals. The next step change in the recovery of the wider economy and hence self storage is unlikely to occur until some of these pressures are alleviated.

We therefore expect that the performance of this business will continue to show steady progress, however at some point we would anticipate seeing a change in economic pace which will feed directly into the growth rate of our business.

In the meantime, our exposure to London, dominant brand, innovative marketing, internet presence, quality of stores and customer service, coupled with our strong balance sheet and financial position, gives us a significant advantage.

Nicholas Vetch
Chairman
23 May 2011

We give businesses room to grow because our storage services are **tailored to their exact requirements.**

A Quality partner...
to help businesses grow

- Flexible Storage Solutions
- Flexi Offices

No two businesses are alike, which is why we tailor our storage space to their requirements.

This means a business customer only ever pays for the space they need with no complex leases to sign. It's also far more cost effective than traditional warehousing with no business rates, VAT or additional overheads to pay.

Security is of paramount importance to all our business customers, which is why our stores have perimeter fencing, electronic gates, 24 hour digital CCTV, PIN access and individually alarmed rooms. This consistent level of security is unique in the UK self storage industry.

Businesses across the UK choose Big Yellow because we offer:

- **Flexible space ranging from 10 sq ft to 5,000 sq ft**
- **No business rates, VAT or additional overheads to pay**
- **Store from as little as seven days**
- **No complex leases to sign**
- **Out of hours access**
- **Secure storage with perimeter fencing, PIN code access, individually alarmed rooms and 24 hour digital CCTV**
- **Easily accessible locations off main roads**
- **Large loading bays, trolleys, pallet trucks and fork lifts**
- **Staff on hand 7 days a week**
- **National accounts for easier management**

Flexible and helpful

We understand businesses have different storage requirements at different times. This is why we are flexible.

Businesses can change their room size whenever they need it and without penalty. They only ever pay for the space they need.

Our staff are also on hand 7 days a week to make life easier for our business customers, whether that's fork lifting or accepting deliveries on their behalf. At Big Yellow we are building lasting relationships with our business clients.

Flexi Offices

At many of our stores, we offer offices for rent which have many advantages over traditional office space.

- [x] No long term lease to sign
- [x] Move-in straight away
- [x] Only 4 weeks' notice to vacate
- [x] Completely secure - PIN code access, 24 hour digital CCTV and perimeter fencing
- [x] Rents include rates and water
- [x] Free parking

National Accounts

For businesses that require storage in different locations around the country, it needn't get complicated. The Big Yellow National Accounts service provides businesses with a dedicated account manager, a single master contract and one monthly invoice covering all locations for easy accounting. It's how we make sure everything runs like clockwork.

Supporting charities

Big Yellow are proud to continue our support for local and national charities this year, through the donation of storage space as well as fund raising activities from the Big Yellow staff. The National Childcare Trust, Cash For Kids, READ International, Cancer Research UK and the RSPCA are just some of the charitable organisations who we have supported this year.

Big Yellow Business Online

We have recently launched a dedicated business section of the Big Yellow website allowing business customers to fully understand the benefits of our services. This includes videos demonstrating how we can help businesses grow.

We're always on hand to understand our customers' storage needs so we can provide the **best service possible.**

A Quality partner...

providing the best customer service

Whatever the storage requirement, we will find the best solution with unrivalled customer service.

Our outstanding and friendly service is one of the main reasons customers choose Big Yellow. They also like our modern, highly visible, purpose built buildings situated in safe and easily accessible locations. Our high brand awareness means customers trust us to be a safe, secure and professional partner for their storage requirements.

People across the UK choose Big Yellow because we offer:

- **Friendly, helpful and professional staff on hand seven days a week**
- **Modern, bright and clean buildings**
- **Safe and easily accessible locations**
- **Secure storage with perimeter fencing, PIN code access, individually alarmed rooms and 24 hour digital CCTV**
- **Flexibility to change room size without penalty**
- **Competitive pricing with our standard 50% off for the first 8 weeks promotion and Price Promise**

Online innovation

We are continually improving the online experience for our customers helping them obtain a quote, reserve a room and check in online.

Customer reviews

We have now over 4,300 independent and externally managed customer reviews published on the website, giving us real-time feedback and generating positive word of mouth.

55% of reviews have been awarded an overall score of 5 out of 5.

The average customer service score is 4.7 out of 5.

"The service I have received from the staff has been excellent, 100%, top marks. They are very helpful and always willing to assist."

"The attitude of staff at the Colchester Big Yellow is superb. Great to deal with and always helpful. You'll be treated as an individual rather than just another customer. I would highly recommend this Big Yellow to anyone."

"Big Yellow storage really saved my life between 2 jobs and 2 house moves. With the out of hours access, you can access your belongings anytime. Staff are great and very helpful.

Really a great solution for people on the move like me."

"Great location, lovely secure premises, helpful staff, out of hours access. Couldn't ask for more really. I checked out all the rival companies within the area and I definitely made the right decision."

"The procedures for obtaining storage are simple. The staff are friendly and helpful. All security measures are in place making you feel secure that your property and belongings are being kept in a safe & secure place. Total peace of mind."

Recruiting, training and retaining the right calibre of people is critical to the **continued success of Big Yellow.**

Quality people...
providing the best service

THE SUNDAY TIMES 100 BEST COMPANIES TO WORK FOR 2010

At Big Yellow our goal is to recruit, motivate and develop outstanding people.

We provide regular training and performance appraisals to help the personal development of our staff. We encourage a culture of partnership within the business. Our employees are involved in corporate performance through our bonus and share incentive schemes.

The wellbeing of our staff is important to us and we provide an enjoyable working environment without losing our commitment to delivering the very best standards of customer service.

Our People and Values

We had **301 employees** in the business as of 31 March 2011 providing personal and business users with exceptional service

We are **constantly investing in our people** to deliver and maintain the highest standards of customer service

We **encourage a culture of partnership** within the business through bonus and incentive schemes

We recognise the **importance of regular communication** and consultation with all of our staff

We continue to receive **extremely high ratings for service** from our customers through our online reviews

Aqua
Sales Assistant

"Big Yellow is a dynamic, diverse and proactive environment to work which challenges you daily."

Nikki
Sales Assistant

"Big Yellow is a great place to work as I get to meet a diverse selection of people."

Trevor
Store Manager

"What a fantastic company to work for. From Sales Assistants to Directors everyone is on first name terms and you can always contact any department with issues or queries."

Elle
Customer Support Assistant

"Big Yellow is an investor in people which encourages staff loyalty and integrity. In turn, this means our customers benefit from outstanding service."

Netta
Sales Assistant

"At Big Yellow, we do our jobs to the highest standards and training and development is always available. I have worked at Big Yellow for over 4 years now and each day is different. I always look forward to coming into work."

Melissa
Assistant Store Manager

"Working for Big Yellow is all about working in a team. All staff and customers are treated like they are part of an extended family and we take pride in what we do every day."

Emma
Sales Assistant

"Big Yellow have a high standard of customer service which makes me feel proud to work for them with plenty of room for training and development within the company."

Darren
Assistant Store Manager

"Big Yellow is unlike any other company I have worked for before. They continually train and develop their staff."

Adam
Store Manager

"Big Yellow encourages progression within the company and provides you with all the training and guidance to achieve this."

Store revenue for the year grew by 8%, feeding through to a 22% improvement in recurring profit and a **23% increase in operating cash flow.**

Business Review

Introduction

In January 2010 we saw an improvement in a number of our key self storage demand indicators, coinciding with the economy coming out of recession. This led to year on year improvements in occupancy and revenue within our business. Store revenue for the year grew by 8%, feeding through to a 22% improvement in recurring profit and a 23% increase in operating cash flow.

Store Performance

In all Big Yellow stores, the occupancy growth in the current year was 215,000 sq ft, against an increase of 140,000 sq ft in the prior year. This growth across the 51 wholly owned and 11 stores in the Partnership represents an average of 3,468 sq ft per store (2010: 2,333 sq ft per store).

Store Occupancy Summary

	Occupancy 31 March 2011 000 sq ft	Occupancy 31 March 2010 000 sq ft	**Occupancy growth for year to 31 March 2011 000 sq ft**	Occupancy growth for year to 31 March 2010 000 sq ft
32 established stores	**1,381**	1,350	**31**	(29)
19 lease-up stores	**534**	448	**86**	95
Total – 51 wholly owned stores	**1,915**	1,798	**117**	66
11 Partnership lease-up stores	**215**	117	**98**	74
Total – all 62 stores	**2,130**	1,915	**215**	140

The 51 wholly owned stores had a net gain in occupancy of 117,000 sq ft, representing an average of 2,294 sq ft per store. This compares to an overall gain in the wholly owned stores of 66,000 sq ft in the year to 31 March 2010, and a loss of 85,000 sq ft in the year to 31 March 2009. The 11 stores in the Partnership, which are at much earlier stages of lease-up, with two openings in the year, increased their occupancy by 98,000 sq ft, representing average growth of 8,909 sq ft per store.

During the year we opened two stores, in High Wycombe and Camberley, both within Big Yellow Limited Partnership. Since the year end, we have opened a wholly owned store in Eltham, South East London. These store openings bring the number now trading in the Group and the Partnership to 63.

We saw an increase in move-in activity during the year, moving in over 47,000 customers into all stores (including those in the Partnership) taking 2.95 million sq ft compared to 39,000 customers taking 2.37 million sq ft last year. Move-out activity also increased in the year, reflecting a higher level of churn in the business, with 45,000 customers moving out from 2.73 million sq ft compared to 38,000 customers moving out from 2.23 million sq ft last year.

The table below illustrates the seasonality of the business with move-ins to the like-for-like portfolio of 51 wholly owned stores, which were up 14% on the prior year.

Move-ins	**Year ended 31 March 2011**	Year ended 31 March 2010	Increase
April to June	**10,991**	9,357	17%
July to September	**11,981**	9,919	21%
October to December	**8,845**	8,042	10%
January to March	**8,685**	8,279	5%
Total	**40,502**	35,597	14%

As stated earlier the recovery started in January 2010, therefore the comparators have become more challenging, and hence the January to March year on year increase in activity growth was lower than in previous quarters. However, we are pleased to report that move-ins in April 2011 were 13% up on April 2010.

Of the 51 wholly owned stores open at the year end all are trading profitably at the EBITDA level. Ten of the eleven stores within Big Yellow Limited Partnership are trading profitably at the EBITDA level, with the exception being Camberley which opened in January 2011.

71% of our current revenue derives from within the M25; for London and the South East, the proportion of current revenue rises to 89%. The performance of our stores in London has been more resilient over the past four years than those outside London.

Our key aim...

over the next two to three years is to drive occupancy and hence revenue in the stores.

The average net rental achieved last year across the 51 wholly owned stores was £26.82 per sq ft per annum (the average rent in London is higher at £28.76 per sq ft per annum). The stores in lease-up achieved a higher average rental (£28.22 per sq ft) than the 32 established stores (£26.32 per sq ft), reflecting the greater London weighting of the lease-up stores.

Our key aim over the next two to three years is to drive occupancy and hence revenue in the stores. During the downturn we increased the level of promotional offers in the business, resulting in more muted rental growth over the past couple of years. As the stores lease-up, and the number of vacant rooms in particular sizes reduce, our pricing model will automatically reduce the level of discounts offered, leading to an increase in net achieved rents. We have a rolling programme of price increases to existing storage customers, in most cases providing an annual increase in storage rents of 6%. Over the last seven years, average net storage rental growth has been over 4% per annum.

Store Operations

The Big Yellow store model is well established. The "typical" store has 60,000 sq ft of net lettable storage area and takes some 3 to 5 years to achieve 85% occupancy. Some stores may take longer than this given they opened shortly prior to the downturn. The average room size occupied in the portfolio is currently 64 sq ft.

The store is open seven days a week and is initially run by three staff, adding a part time member of staff once the store occupancy justifies the need for the extra administrative and sales workload.

Given that the operating costs of these assets are relatively fixed, larger stores in bigger urban conurbations, particularly London, drive higher revenues and higher operating margins. The table below illustrates the average key metrics across the 32 established store portfolio for the year ended 31 March 2011:

Store capacity	60,656 sq ft
Closing sq ft occupied per store	43,156 sq ft
Revenue per store	£1,330,000
EBITDA per store	£860,000
EBITDA margin	65%

The average store size in the UK market is approximately 40,000 sq ft according to the Self Storage Association. Clearly the upside from filling our larger than average sized stores is in our view only possible in large metropolitan markets, where self storage drivers from domestic and business customers are highest.

43,156
Occupied sq ft per established store

£1.33m
Revenue per established store

£0.86m
EBITDA per established store

Business Review (continued)

Of the customers moving into the business in the last year, our surveys indicate approximately 57% are linked to the housing market, of which 19% are customers renting storage space whilst moving within the rental sector, and 38% moving within the owner occupied sector. We have seen a small increase in demand during the year from customers within the owner occupied sector, consistent with the slowly improving picture for mortgage approvals and housing transactions. During the last year 11% of our customers who moved in took storage space as a spare room for lifestyle purposes and approximately 23% of our customers used the product because some event has occurred in their lives generating the need for storage; they may be moving abroad for a job, have inherited furniture, are getting married or divorced, are students who need storage during the holidays, or homeowners developing into their lofts or basements. The balance of 9% of our customer demand in the year came from businesses.

We have a dedicated national accounts team for business customers who wish to occupy space in multiple stores. These accounts are billed and managed centrally. We have grown the team during the year, so we now have three full time members of staff working on growing and managing our national account customers. The national accounts team can arrange storage at short notice at any location for our customers.

Business customers typically stay longer than domestic customers, and also on average occupy larger rooms. Whilst only representing 9% of new customers during the year, businesses represent 19% of our overall customer numbers, occupying 35% of the space in our stores. The average room size occupied by business customers is 117 sq ft, against 51 sq ft for domestic customers.

Our business customers range across a number of industry types, such as retailers, professional service companies, hospitality companies and importers/exporters. These businesses store stock, documents, equipment, or promotional materials all requiring a convenient flexible solution to their storage, either to get started or to free up more expensive space.

The demand from business customers, who typically occupy larger rooms, has been relatively robust, as they seek a cost effective, flexible solution to their storage requirements, preferring self storage to the commitment of a long lease.

The split between business and domestic customers for the 51 wholly owned stores is as follows:

	Sq ft occupied at 31 March 2011	%	No of customers at 31 March 2011	%	% of storage revenue for the year
Business customers	668,000	35%	5,730	19%	27%
Domestic customers	1,247,000	65%	24,430	81%	73%
Total	1,915,000	100%	30,160	100%	100%

The net rent per sq ft for domestic customers is approximately 45% higher than for business customers, reflecting the smaller average unit size occupied for domestic customers.

For the 32 established stores, the average split between business and domestic customers is shown in the table below.

	Domestic	Business	Total
% of occupied space	65%	35%	100%
Sq ft occupied per store at 31 March	28,051	15,105	43,156
Revenue per store for the year	£971,000	£359,000	£1,330,000

The drive to improve store operating standards and consistency across the portfolio remains a key focus for the Group. Excellent customer service is at the heart of our business objectives, as a satisfied customer is our best marketing tool. We measure customer service standards through a programme of mystery shoppers and ex-customer surveys and have introduced online customer reviews during the year, which give an average customer service score of 4.7 out of 5. We have in place a team of Area Managers who have on average worked for Big Yellow for eight years. They develop and support the stores to drive the growth of the business. Adrian Lee, Operations Director, is the Board member responsible for dealing with all customer issues.

Our core proposition remains a high quality product, competitively priced, with excellent customer service, providing value for money to our customers. Our stores offer a headline opening promotion of 50% off for up to the first 8 weeks, and we continue to manage pricing dynamically, taking account of customer demand and local competition.

The store bonus structure rewards occupancy growth, sales growth and cost control through setting quarterly targets based on occupancy and store profitability, including the contribution from ancillary sales of insurance and packing materials. Information on bonus build up is circulated monthly and stores are consulted in preparing their own targets and budgets each quarter, leading to improved visibility, a better understanding of sales lines and control of operating costs.

We believe that as a customer-facing branded business it is paramount to maintain the quality of our estate and customer offering. We therefore continue to invest in a rolling programme of store makeovers, preventative maintenance, store cleaning and the repair and replacement of essential equipment, such as lifts and gates. The ongoing annual expenditure is approximately £30,000 per store, which is included within the income statement in cost of sales. This excludes makeovers, which typically take place every four years, at a cost of approximately £15,000 to £20,000 per store.

We have continued to manage the ten freehold stores for HSBC Bank plc branded as Armadillo Self Storage alongside our Big Yellow stores using the same operating model. The management contract expires in February 2014 and our key objective within the Armadillo portfolio remains driving occupancy, revenue and cash flow. During the year Armadillo acquired customers in Stoke and Hull from a self storage operation which was closing down and transferred these customers to their own stores. The retention rate of the transferred customers to date has been encouraging.

Sales and Marketing

This year our strategy has continued to focus on leveraging the Big Yellow brand. Our annual You Gov survey puts our national brand awareness at three times the level of our nearest competitor. We have maintained brand awareness of 80% in London and 47% outside of London. Although Big Yellow leads the industry in terms of brand preference, there is still an opportunity to improve our brand awareness, in particular in regional cities outside London where we have recently opened stores. (Source YouGov: August 2010)

Online Innovation

The website and our e-commerce proposition continue to grow in strength, with online prospects now accounting for 80% of all sales leads where details are first recorded on our operating system. Telephone is the first point of contact for 11% of prospects and walk-in enquiries, where we have had no previous contact with a prospect, represent 9%.

The Big Yellow website continues to evolve, and we are constantly improving the user journey and prospect conversion throughout the site.

This year we have developed and launched a dedicated business section of the website, communicating the benefits of Big Yellow Self Storage to this target audience. It is supported by more in-depth information, online videos demonstrating the business services available and testimonials from existing business customers.

Online Customer Reviews

Consistent with our strategy of putting the customer at the heart of our business, our online customer reviews continue to generate real-time feedback from customers as well as providing positive word of mouth to prospective customers. These customer reviews are now being pulled into Google's local search results and continue to be a powerful marketing asset to us.

The reviews indicate we are consistently delivering a very high standard of service:

- Over 4,300 reviews have been published
- 55% have awarded a score of 5 out of 5
- Our overall rating is 4.5 out of 5
- Our average customer service score is 4.7 out of 5

In our view, real time customer reviews which have been independently and externally obtained are much more persuasive to prospects than scripted testimonials.

Search Engines

Search Engines continue to be the most important acquisition tool for us, accounting for nearly 70% of all traffic to the website. More investment has also been made in search engine optimisation ("SEO") techniques both on and off the site. This has enabled us to maintain the number one position for the popular search terms "storage" and "self storage" in the organic listings on Google. We will continue with this strategy targeting a wider range of relevant search terms for the business.

All stores have also been optimised within Google's local search functionality Google Places, allowing the relevant local Big Yellow stores to appear on a web user's search.

Social Media

Social media continues to be complementary to our existing marketing channels and we maintain a significant presence on all the major social media sites.

Over the past year the strategy for Facebook was to build a volume of interested fans which has now reached over 24,000. Facebook allows us to keep engaged with our target audiences, keeping the brand front of mind and to gather customer feedback. In addition, the Big Yellow You Tube channel is now being used to showcase our domestic and business store tours and customer testimonials.

We have also developed a substantial amount of online blog content aimed at anyone considering self storage. Advice and tips for packing, storage and de-cluttering are published weekly on the site and posted through our Facebook and Twitter channels. This provides useful and engaging content for visitors.

Driving online traffic

This year, we have continued online display advertising on sites visited by our target audiences. This activity performs both a direct response and branding role. Efficiencies in all online spend are continuing into 2011/12, ensuring return on investment is maximised from all our different online traffic sources.

Online targeting opportunities are now more sophisticated enabling us to target our core target audiences more effectively. Online marketing budgets will remain fluid and be directed towards the media with the best return on investment.

Sales Promotion

We have continued our sales promotion offer throughout the year of "50% off your first 8 weeks storage" across all stores, coupled with a Price Promise for comparable local competition. These two offers, managed alongside dynamic pricing, will remain our pricing policy for the year ahead.

Budget

During the year the Group spent approximately £2.8 million (4.5% of revenue) on marketing, up from £2.6 million in the previous year. We have increased the budget for the year ended 31 March 2012 to £2.9 million with a focus on driving our revenue through delivering more prospects to the website.

Business Review (continued)

People

At Big Yellow we aim to provide a lively, fun and enjoyable working environment, without losing our commitment to delivering the very best standards of customer service.

We encourage a culture of partnership within the business and believe in staff participating in corporate performance through bonus schemes and share incentives. Many employees benefit from an HMRC approved Sharesave Scheme, which provides an opportunity to invest in the future success of Big Yellow at a discount to the prevailing share price at the date of each invitation. Our stakeholder pension scheme has been taken up by over two thirds of employees eligible to join and a voucher awards scheme is used extensively across the business to recognise and reward our staff's efforts and achievements.

We aim to promote employee wellbeing through a range of flexible working options which include flexitime, staggered hours, home working and sabbaticals. We provide a comprehensive range of medical support and advice though our occupational health providers and have arranged corporate gym membership on a national basis, as well as a Cycle to Work Scheme.

We continue to recognise the importance of communication and consultation with an annual spring conference, regular formal and informal meetings and quarterly newsletters and weekly operational updates. In addition, the Directors and senior management spend a significant amount of time in the stores and are accessible to employees at all levels. An annual Employee Attitude Survey provides management with key feedback and guidance as to where to focus their attention to further improve the working environment.

We had 301 full-time, part-time and casual employees in the business at the year end (2010: 287 employees) and recruiting and retaining the right calibre people remains critical to the continued success of the Company.

We promote the individual development of staff through training and regular performance appraisals and delivered just over 830 days training to employees in the last year, equating to an average of approximately 2.8 days training per employee. In the stores, nearly two thirds of the managerial posts have been filled by internal promotions.

Property and Development

During the year our property team has focussed on obtaining the remaining self storage planning consents, building out selected sites within our development pipeline, and selling surplus land held in our balance sheet.

We believe the continuing difficulties in the banking and capital markets make access to capital required to fund growth more difficult and will slow down the growth in self storage store openings in the market generally. We believe that we are in a relatively strong position with our freehold property assets, with the proven ability to access more funding when the opportunity presents itself.

We now have a portfolio of 70 stores and sites of which 63 are currently open and a further 6 have planning consents, with planning negotiations ongoing at our site in central Manchester.

Development Pipeline

There are a further six freehold sites with planning for Big Yellow stores (including Stockport within Big Yellow Limited Partnership) to be developed. We also have a 4.5 acre development site in central Manchester where we are in planning discussions for a mixed use scheme incorporating a new Big Yellow store. The status of the development pipeline is summarised in the table below:

Wholly owned sites	Location	Status	Anticipated capacity
New Cross, South East London	Prominent location on Lewisham Way (A20), London	Under construction, planned opening April 2012	60,000 sq ft
Chiswick, West London	On the A4, high visibility from M4 flyover	Under construction, planned opening May 2012	75,000 sq ft
Gypsy Corner, West London	Highly visible site on A40 in Acton, West London	Consent granted	70,000 sq ft
Enfield, North London	Prominent site on the A10 Great Cambridge Road, London	Consent granted	60,000 sq ft
Guildford Central	Prime location in centre of Guildford on Woodbridge Meadows	Consent granted	56,000 sq ft
Manchester Central	Prime location on Water Street in central Manchester	Planning under negotiation	50,000 sq ft to 70,000 sq ft
Site within BYLP			
Stockport	Prominent location visible from M60, Greater Manchester	Under construction, planned opening September 2011	60,000 sq ft

We expect to open two stores in the current financial year. Our wholly owned store at Eltham, on the junction roundabout of the South Circular and the A20, opened in April; the Partnership store at Stockport will open in September 2011.

The Group manages the construction and fit-out of its stores in-house, as we believe it provides both better control and quality, and we have an excellent record of building stores on time and within budget. The total construction spend in the year was £19.6 million, of which £11.2 million was in the wholly owned Group.

Corporate Social Responsibility

The Board employs a Corporate Social Responsibility Manager, who reports to the Board through the Operations Director. Our detailed Corporate Social Responsibility report is on page 49. Our policy on Corporate Social Responsibility is set out on our website bigyellow.co.uk/csr.

Our CSR programme for 2011 committed to focus on our most significant environmental challenge of energy efficiency and carbon reduction. In order to achieve these objectives we:

- increased the roll-out of our store lighting energy efficiency re-lamping programme. 41% of the estate is now converted;
- reduced store carbon intensity emissions by 2.1%;
- reduced Construction Fit Out carbon emissions by 63.5%;
- increased solar panel electricity generation by 20.6%;
- increased renewable energy generation by 11.5%; and
- generated 255 MWh of solar electricity and 398 MWh of cumulative renewable energy since 2008.

Business Objectives

Big Yellow is the leading self storage brand in the UK (YouGov Survey, August 2010), with national brand awareness of three times that of our nearest competitor. The Group continues to invest in developing quality assets at the premium end of the self storage market and to build on our brand leadership nationally. We intend to measure our progress by continuing to commission quantitative research each year.

Our main strategic objective is to grow the occupancy in our stores from the current level of 59.3% to 85% over the medium term. We will achieve this through:

- an unwavering focus on customer service;
- excellent operational and financial management;
- innovative and creative marketing;
- recruiting and retaining quality people in the business;
- an entrepreneurial and passionate culture, with accessible senior management encouraging innovation and dialogue throughout all levels of the business; and
- having stores located in visible, convenient and accessible locations.

Our other key objectives are:

- the selective build out of freehold stores in major urban conurbations throughout the UK, but focussed principally on London; and
- mortgage financing secured against our prime freehold portfolio, and our Partnership with Pramerica.

Financing Objectives

Big Yellow's financing policy is to fund its current needs through a mix of debt, equity and cash flow to allow us to build out the existing portfolio and achieve our strategic growth objectives, which we believe improve returns for shareholders.

We aim to ensure that there are sufficient medium term facilities in place to finance our committed development programme, secured against the freehold portfolio, with debt serviced by our strong operational cash flows.

Risk Management

The management of risk is a fundamental part of how we have controlled the development of Big Yellow since its formation in September 1998, and the opening of our first purpose-built store in Richmond, London in May 1999. The principal areas of risk that the Group faces are considered below.

Self Storage Market Risk

The UK economy has continued its slow recovery from the recession. The demand for self storage has slowed since the liquidity crisis began in August 2007, however we believe that the structural need for self storage remains. We saw an increase in demand in the financial year, with move-ins in our wholly owned portfolio up 14% on the prior year.

Self storage is a relatively immature market in the UK compared to other self storage markets such as the United States and Australia, and we believe has further opportunity for growth. Awareness of self storage and how it can be used by domestic and business customers is relatively low throughout the UK, although higher in London. The rate of growth of branded self storage on main roads in good locations has historically been limited by the difficulty of acquiring sites at affordable prices and obtaining planning consent. The lack of availability of credit within the economy has further reduced this rate of growth since the start of the downturn.

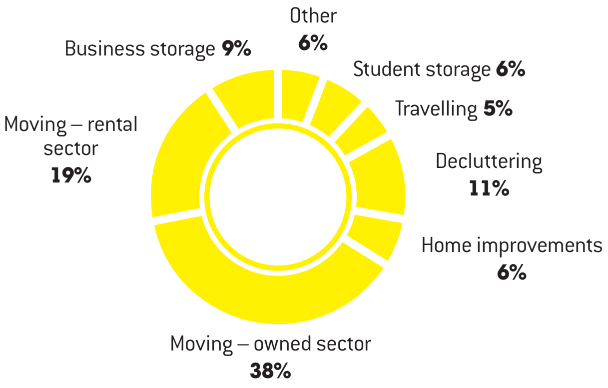
Our performance during the downturn has been relatively resilient, although not immune. We believe that the resilience of our performance is due to a combination of factors including:

- a prime portfolio of freehold self storage properties;
- a firm focus on London and the South East, which has proved more resilient during the downturn;
- the strength of operational and sales management;
- continuing innovation to deliver the highest levels of customer service;
- the UK's leading self storage brand, with high public awareness; and
- strong cash flow generation and high operating margins.

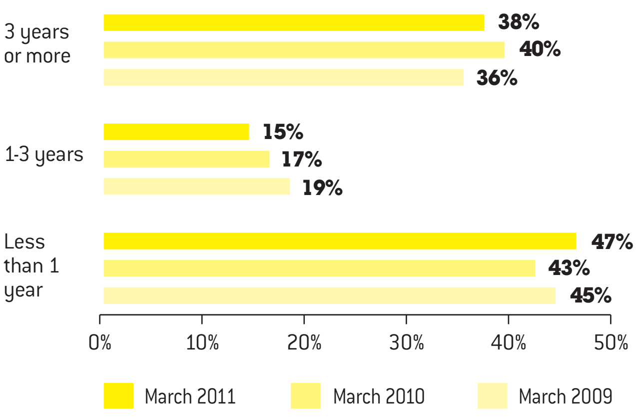
Big Yellow only invests in prime storage locations, developing high quality self storage centres in the large urban conurbations where the drivers in the self storage market are at their strongest and the barriers to competition are at their highest. We have focussed the business on London and the South East, and other large metropolitan cities, where we believe the drivers for and resilience of the product are strongest.

Business Review (continued)

Big Yellow's demand profile in the year ended 31 March 2011



Proportion of current customers in the established stores by length of stay



We have a large current storage customer base of approximately 33,000 spread across the portfolio of open stores and many thousands more who have used Big Yellow over the years. In any month, customers move in and out at the margin resulting in changes in occupancy. Despite the current economic environment, this has remained a seasonal business and typically we see growth over the spring and the summer months, with the seasonally weaker periods being the winter months.

The performance in terms of occupancy, revenue and EBITDA of our stores can be seen from the Portfolio Summary on page 40.

At 31 March 2011 the average length of stay for existing customers was 18.8 months; an increase from 18.6 months in the prior year. For the stores that have been open more than five years, the average length of stay increases to 21.9 months. For all customers, including those who have moved out of the business, the average length of stay has remained at 8.5 months. This translates into a loyal customer base. In our 32 established store portfolio, 38% of our customers have been storing with us for over three years. A further 15% of customers in these stores have been in the business for between one and three years.

That said, we have seen a small decline in the financial year of the length of stay of customers who moved out during the year. This fell to 7.6 months from 8.1 months for the year to 31 March 2010. This is consistent with the improving demand from customers using the product for relatively short periods of time, linked in the main to house moves and home improvements.

Property Risk

Big Yellow's management has significant experience in the property industry generated over many years and in particular in acquiring property on main roads in high profile locations and obtaining planning consents.

We do take planning risk where necessary, although the more distressed property market will in our view provide more opportunity to buy sites on a conditional basis. The planning process remains difficult with some planning consents taking in excess of twelve months to achieve, although given we have planning consent on all bar one site, the risk to the Group has reduced significantly from prior years.

We manage the construction of our properties very tightly. The building of each site is handled through a design and build contract, with the fit out project managed in-house using an established professional team of external advisors and sub-contractors who have worked with us for many years to our Big Yellow specification.

Treasury Risk

The Group borrows in sterling at floating rates of interest and uses swaps to hedge its interest rate exposure. The Group has derivatives in place to ensure at least 50% of our bank borrowings are hedged, the balance is left floating paying margin over LIBOR. At 31 March 2011, we had fixed rate swaps in place over 69% of our outstanding bank borrowings, including hedging of at least 70% of the investment tranche of our senior debt facility, as required by our loan documentation. The hedging expires in September 2015, two years beyond the expiry of the facility, thus providing interest rate risk mitigation when the facility is refinanced. The Group does not hedge account its interest rate derivatives, all movements in fair value are taken through the income statement. The Group regularly monitors its counterparty risk.

The Group monitors compliance with its banking covenants closely. During the year it complied with all its covenants, and is forecast to do so for the foreseeable future.

Our portfolio is relatively high yielding and we believe a flexible approach to our hedging is appropriate for our strategic aims, given our conservative balance sheet.

Interest Cover and Balance Sheet Risk

The Group reviews its current and forecast projections of cash flow, borrowing and interest cover as part of its monthly management accounts. In addition, an analysis of the impact of significant transactions is carried out regularly, as well as a sensitivity analysis assuming movements in interest rates and occupancy in the stores on gearing and interest cover.

Credit Risk

Our customers are required to pay a deposit when they start to rent a self storage room and are also required to pay in advance for their four-weekly storage charges. The Group is therefore not exposed to a significant credit risk. 77% of our current customers pay by direct debit; however of new customers moving into the business in the last year 84% have paid by direct debit. Businesses often prefer to pay by cheque or BACS. During the recession, we did not see an increase in the levels of bad debts and arrears. Our bad debt expense represents 0.12% of revenue in the year (2010: 0.17% of revenue).

Taxation Risk

The Group is exposed to changes in the tax regime affecting the cost of corporation tax, VAT and Stamp Duty Land Tax ("SDLT"). We regularly monitor proposed and actual changes in legislation with the help of our professional advisors, through direct liaison with HMRC, and through trade bodies to understand and, if possible, mitigate or benefit from their impact.

Real Estate Investment Trust ("REIT") Risk

The Group converted to a REIT in January 2007. The Group is therefore exposed to potential tax penalties or loss of its REIT status by failing to comply with the REIT legislation. The Group has internal monitoring procedures in place to ensure that the appropriate rules and legislation are complied with. To date all REIT regulations have been complied with.

Human Resources Risk

Our staff are key to our success and we are exposed to a risk of high staff turnover, and a risk of the loss of key personnel. We have developed a professional, lively and enjoyable working environment and believe our success stems from attracting and retaining the right people. We encourage all our staff to build on their skills through appropriate training and regular performance reviews. We believe in an accessible and open culture and everyone at all levels is encouraged to review and challenge accepted norms, so as to contribute to the performance of the Group.

Reputational Risk

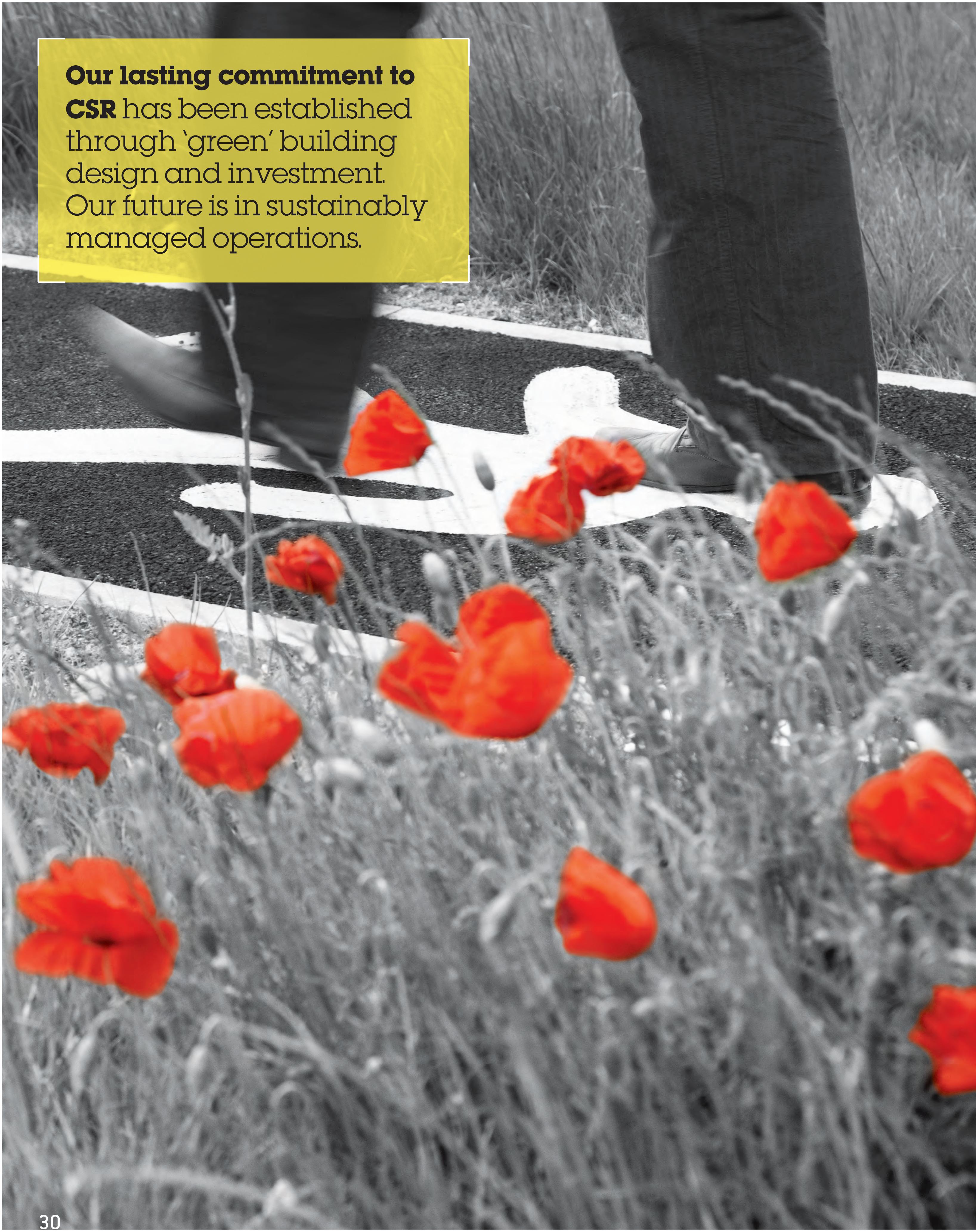
Big Yellow's reputation with all its stakeholders is something we value highly and will always look to protect and enhance. We aim to communicate clearly with our customers, suppliers, local authorities and communities, employees and shareholders and to listen to and take account of their views. Big Yellow's intranet and website are important avenues of communication for both employees and shareholders.

Security Risk

The safety and security of our customers and stores remains a key priority. To achieve this we invest in state of the art access control systems, individual room alarms, digital CCTV systems, intruder and fire alarm systems and the remote monitoring of all our stores out of our trading hours.

We have implemented customer security procedures in line with advice from the Police and continue to work with the regulatory authorities on issues of security, reviewing our operational procedures regularly. The importance of security and the need for vigilance is communicated to all store staff and reinforced through training and routine operational procedures. We have continued to run courses for all our staff to enhance the awareness and effectiveness of our procedures in relation to security.

Our lasting commitment to CSR has been established through 'green' building design and investment. Our future is in sustainably managed operations.



Our CSR policy...

Big Yellow leads the way in sustainable real estate.

Big Yellow's CSR policy aims to strike the balance between its social, economic and environmental responsibilities as an owner, operator and developer of self storage buildings. In order to maintain a sustainable business for its customers, staff and investors, the Board has committed significant resources to the social and environmental aspects of its operations.

Big Yellow and CSR...

- Since 2007 we have developed 20 'Eco-Efficient' stores with enhanced environmental benefits
- We have reduced store carbon intensity emissions by 2.1% in the financial year
- We have increased renewable energy generation by 11.5% in the year
- 41% of our stores now benefit from energy efficient lighting
- We have reduced Construction Fit Out carbon emissions by 63.5% in the year

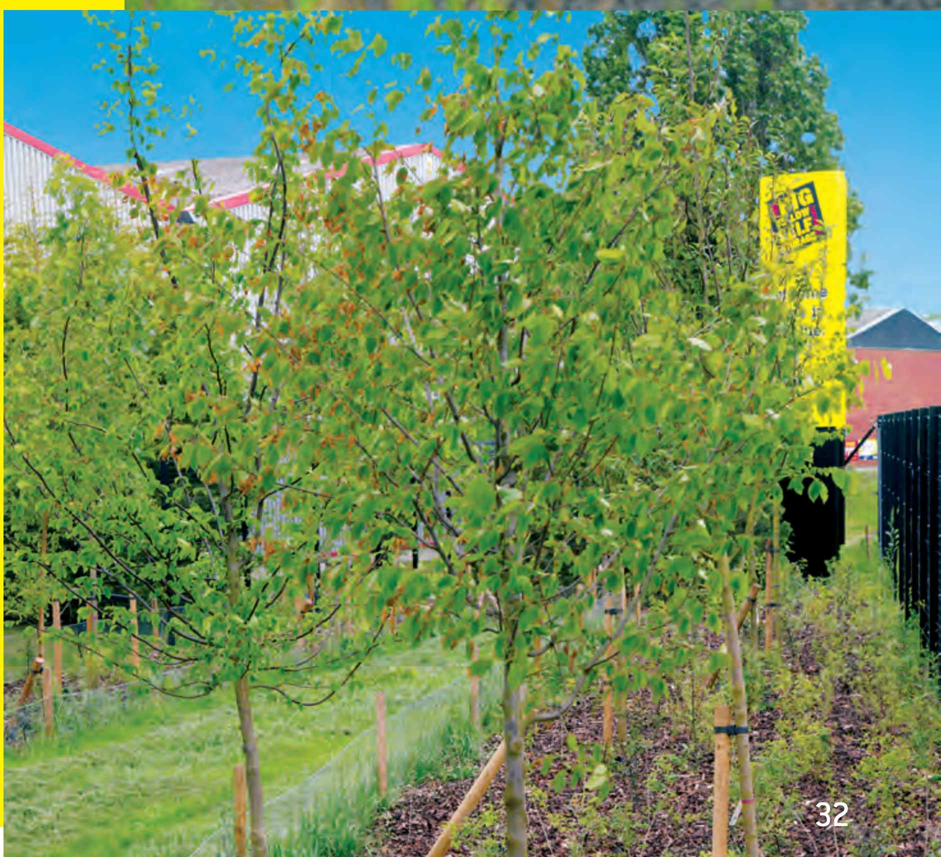
Big Yellow and CSR

10:10

FTSE4Good

THE SUNDAY TIMES 100 BEST COMPANIES TO WORK FOR 2010

CANCER RESEARCH UK



Green Investment

We shared our knowledge of sustainability with governmental organisations, other businesses and investors at Maastricht's international conference on 'Green Building Finance and Investment'.

Packaging

Our packaging is manufactured with a high recycled content.

High Wycombe

The green roof at High Wycombe provides additional insulation to the store, keeping it cool during the summer months which reduces ventilation costs.

CSR in the Workplace

Our policy on Corporate Social Responsibility is established across the whole of the Big Yellow Group.

The Group made an adjusted profit before tax in the year of £20.2 million, up 22% from £16.5 million in 2010.

Financial Review

Financial Results

Revenue for the year was £61.9 million, an increase of £3.9 million (7%) from £58.0 million in the prior year. Revenue from our stores increased by 8% in the year. The overall increase in revenue was lower due to a fall in construction fees earned from Big Yellow Limited Partnership, and a reduction in tenant income on sites where we have started development. Other sales (included within the above), comprising the selling of packing materials, insurance and storage related charges, represented 17.4% of storage income for the year (2010: 17.7%) and generated revenue of £8.8 million for the year, up 7% from £8.3 million in 2010.

Store revenue for the fourth quarter increased by 7% to £14.7 million from £13.7 million for the same quarter last year. Store revenue in the seasonally weaker second half of the year was £29.7 million, compared to £29.9 million for the first half of the year, and up 7% from £27.7 million for the second half of the year ended 31 March 2010. Annualised store revenue at 31 March 2011 was £60.0 million, an increase of 7% from £56.0 million at 31 March 2010.

The EBITDA margin for the 32 established stores was 65% (2010: 64%), the EBITDA margin for the 19 lease-up stores grew from 44% to 56%. There was an increase in revenue of 3% for the 32 established stores and 24% for the 19 lease-up stores. The table below illustrates the performance of the 32 established stores and the lease-up stores during the year.

	Capacity	Occupancy		Revenue		EBITDA	
Wholly owned store performance	**000 sq ft**	**31 March 11 000 sq ft**	31 March 10 000 sq ft	**31 March 11 £000**	31 March 10 £000	**31 March 11 £000**	31 March 10 £000
32 established stores	**1,941**	**1,381**	1,350	**42,558**	41,346	**27,522**	26,649
19 lease-up stores	**1,288**	**534**	448	**17,064**	13,788	**9,604**	6,099
Total	**3,229**	**1,915**	1,798	**59,622**	55,134	**37,126**	32,748

Of the 19 lease-up stores, three stores opened before 31 March 2006, six stores opened in the year ended 31 March 2007, six stores opened in the year ended 31 March 2008 and four have opened since 1 April 2008.

The Group made a profit before tax in the year of £6.9 million, compared to £10.2 million in the prior year. This reduction in Group profitability reflects the decrease in the valuation of the Group's open stores partially offset by the improved adjusted profit.

After adjusting for the loss on the revaluation of investment properties and other matters shown in the table below the Group made an adjusted profit before tax in the year of £20.2 million, up 22% from £16.5 million in 2010.

Profit before tax analysis	**2011 £m**	2010 £m
Profit before tax	**6.9**	10.2
Loss on revaluation of investment properties	**16.0**	3.6
Movement in fair value on interest rate derivatives	**(0.2)**	2.7
Net (gains)/losses on surplus land	**(0.1)**	2.0
Share of non-recurring gains in associate	**(2.4)**	(2.0)
Adjusted profit before tax	**20.2**	16.5

The movement in the adjusted profit before tax from the prior year is illustrated in the table below:

	£m
Adjusted profit before tax – March 2010	16.5
Increase in gross profit	3.3
Increase in administrative expenses	(0.3)
Reduction in net interest payable	0.1
Increase in capitalised interest	0.6
Adjusted profit before tax – March 2011	20.2

Basic earnings per share for the year were 5.34p (2010: 8.11p) and fully diluted earnings per share were 5.29p (2010: 8.03p). Diluted EPRA earnings per share based on adjusted profit after tax was up 19% to 15.49p (2010: 12.99p) (see note 12).

Operating Costs
Cost of sales comprise principally of the direct store operating costs, including store staff salaries, utilities, business rates, insurance, an allocation of the central marketing budget, and repairs and maintenance. We have continued with our programme of cost control in the Group; direct store operating costs, including leasehold rent, have increased by 1% reflecting wage restraint, a more efficient use of marketing costs and rates rebates. We saw an increase in business rates that were applied from the Rating Revaluation effective from April 2010, particularly in our London stores, where the Crossrail levy was applied. Our rates costs have increased by £0.4 million year on year, and we expect to see a similar increase in the forthcoming financial year. That said, the operating costs in the 19 lease-up stores have fallen in the year following rebates on a couple of stores where we have agreed an assessment with the Valuation Office below the original rateable value.

Administrative expenses were £7.2 million compared to £6.9 million in 2010, an increase of 4%. Salary increases at head office were held at 2%, however we have seen general inflationary pressures and additional one-off costs, including recruiting a replacement head of marketing, and an additional Non-Executive Director.

Interest Expense on Bank Borrowings
The gross bank interest expense for the year reduced to £11.1 million from £11.4 million in 2010 reflecting a lower level of average drawn debt in the year. The average cost of borrowing during the year was 3.6%, in line with the prior year.

Total interest payable has decreased in the income statement from £12.3 million to £11.3 million following the reduction in debt as above, and an increase in the level of capitalised interest in the year. Capitalised interest increased from £0.3 million in the prior year to £0.9 million in the current year, with construction taking place on three sites during the year, compared to only one site in the prior year.

REIT Status
The Group converted to a Real Estate Investment Trust ("REIT") in January 2007. Since then the Group has benefited from a zero tax rate on the Group's qualifying self storage earnings. The Group only pays tax on the profits attributable to our residual business, comprising primarily of the sale of packing materials and insurance, and fees earned from Big Yellow Limited Partnership and from the management of the Armadillo portfolio.

REIT status gives the Group exemption from UK corporation tax on profits and gains from its qualifying portfolio of UK stores. Future revaluation gains on these developments and our existing open stores will be exempt from corporation tax on capital gains, provided certain criteria are met.

The Group has a rigorous internal system in place for monitoring compliance with criteria set out in the REIT regulations. On a monthly basis, a report to the Board on compliance with these criteria is carried out. To date, the Group has complied with all REIT regulations, including forward looking tests.

Taxation
There is no cash tax payable for the year, due to tax relief arising from the restructuring of interest rate derivatives in 2009. There is no tax charge for the year ended 31 March 2011 (2010: £nil).

Dividends
REIT regulatory requirements determine the level of Property Income Dividend ("PID") payable by the Group. On the basis of the full year distributable reserves for PID purposes, a PID of 4 pence per share is payable (31 March 2010: nil PID).

The Board is recommending the payment of a final dividend of 5 pence per share. The table below summarises the declared dividend for the year:

Dividend (pence per share)	**31 March 2011**	31 March 2010
Interim dividend – PID	**2p**	nil p
– discretionary	**2p**	nil p
– total	**4p**	nil p
Final dividend – PID	**2p**	nil p
– discretionary	**3p**	4p
– total	**5p**	4p
Total dividend – PID	**4p**	nil p
– discretionary	**5p**	4p
– total	**9p**	4p

Subject to approval by shareholders at the Annual General Meeting to be held on 18 July 2011, the final dividend will be paid on 20 July 2011 to shareholders on the Register on 10 June 2011.

Financial Review (continued)

Financing and Treasury

The Group is strongly cash generative and draws down from its longer term committed facilities as required to meet obligations.

A summary of the cash flow for the year is set out in the table below:

	Year ended 31 March 2011 £000	Year ended 31 March 2010 £000
Cash flow from operations	**34,925**	31,271
Finance costs (net)	**(11,391)**	(12,208)
Free cash flow	**23,534**	19,063
Capital expenditure	**(13,395)**	(14,388)
Asset sales	**4,497**	1,927
Investment in associate	**(1,000)**	(1,500)
Cash flow after investing activities	**13,636**	5,102
Ordinary dividends	**(10,328)**	–
Issue of share capital	**27**	33,634
Decrease in borrowings	**(25,000)**	(11,339)
Net cash (outflow)/inflow	**(21,665)**	27,397
Opening cash and cash equivalents	**30,619**	3,222
Closing cash and cash equivalents	**8,954**	30,619
Debt	**(275,000)**	(300,000)
Net debt	**(266,046)**	(269,381)

Free cash flow pre-capital expenditure increased to £23.5 million for the year (2010: £19.1 million). In the year capital expenditure outflows were £13.4 million, down from £14.4 million in the prior year. The cash flow after investing activities was a net inflow of £13.6 million in the year, compared to an inflow of £5.1 million in 2010.

Balance Sheet

Property

The Group's 51 wholly owned stores and seven stores under development at 31 March 2011, which are classified as investment properties, have been revalued by Cushman & Wakefield ("C&W") and this has resulted in an investment property asset value of £792.1 million, comprising £698.5 million (88%) for the 44 freehold (including one long leasehold) open stores, £47.3 million (6%) for the seven short leasehold open stores and £46.3 million (6%) for the seven investment properties under construction.

Analysis of property portfolio	**No of locations**	**Value at 31 March 2011 £m**	**Revaluation movement in year £m**
Investment property	51	745.8	(17.3)
Investment property under construction	7	46.3	1.3
Investment property total	58	792.1	(16.0)
Surplus land	6	17.6	–
Total	**64**	**809.7**	**(16.0)**

Investment property

Each store is reviewed and valued individually by Cushman & Wakefield LLP, who are the valuers to a significant proportion of the UK and European self storage market.

The value of the investment property portfolio at 31 March 2011 was £745.8 million, down £15.8 million from £761.6 million at 31 March 2010. The represents a 2.1% fall, of which we estimate 0.5% is a function of capital movements, including an increase in the purchaser's cost assumption to 5.80% from 5.75%. The balance of 1.6% is due to operational factors. This is principally caused by three reasons: there has been an increase in operating costs assumed in the cash flows, principally down to business rates; the long term rental growth assumptions have been reduced to reflect the current trading patterns and the stabilised occupancy level assumed in the valuations has fallen from 84.2% to 83.1%. The valuation is based on an average occupancy over the 10 year cash flow period of 78.2% across the whole portfolio. Between April 2004 and March 2008, the 32 established stores had an average occupancy of 83%.

The fall in valuation on the 44 freehold stores was 1.7%, with the seven short leasehold stores showing a fall in valuation of 7.6%.

The initial yield pre-administration expenses assuming no rental growth is 5.2% rising to a stabilised yield of 8.4% (March 2010: 8.4%). The 32 established stores that were mature in 2007 are assumed to return to stabilised occupancy in 37 months on average. The 19 lease-up stores, the majority of which have opened in the past three years, are assumed to reach stabilised occupancy in 49 months on average.

Investment property under construction

The seven wholly owned development sites have increased in value by £12.3 million, £11.0 million relating to capital expenditure incurred, with the balance of £1.3 million a revaluation surplus. The valuation uplift of the development site in Big Yellow Limited Partnership was in line with capital expenditure incurred. C&W's forecast valuations for when the Group assets have reached stabilised occupancy, including assumptions in relation to revenue and operating cost growth within these assets, are currently pointing to a revaluation surplus on total development cost of £84.4 million on the six wholly owned development sites with planning consent and £7.4 million on the site within Big Yellow Limited Partnership.

In their report to us, our valuers, Cushman and Wakefield have drawn attention to valuation uncertainty resulting from a lack of transactions in the self storage investment market. Please see note 14 for further details.

Purchaser's cost adjustment

As in prior years, we have instructed an alternative valuation on our assets using a purchaser's cost assumption of 2.75% (see note 14 for further details) to be used in the calculation of our adjusted diluted net asset value. This Red Book valuation on the basis of 2.75% purchaser's costs, results in a higher property valuation at 31 March 2011 of £827,970,000 million (£35,820,000 higher than the value recorded in the financial statements). The valuations in Big Yellow Limited Partnership are £4,990,000 higher than the value recorded in the financial statements, of which the Group's share is £1,663,000. The sum of these is £37,483,000 and translates to 28.5 pence per share.

The revised valuation translates into an adjusted net asset value per share of 449.8 pence (2010: 453.3 pence) after the dilutive effect of outstanding share options.

Surplus land

These are sites which the Directors do not intend to develop into self storage centres. The sites are held at the lower of cost and net realisable value and have not been externally valued. The Directors have assessed the carrying value of these sites. In prior years, a provision of £9.2 million was made against these sites, representing approximately a third of the cost of the land. The Group's received £4.5 million during the year from the disposal of surplus land; £3.3 million from the disposal of our surplus site in Clapham North; and the £1.2 million deferred consideration from the disposal of our surplus land in Twickenham.

Movement in Adjusted NAV

The year on year movement is illustrated in the table below:

Movement in adjusted net asset value	Equity shareholders' funds	EPRA adjusted NAV per share
1 April 2010	593,756	453.3
Adjusted profit	20,207	15.4
Equity dividends paid	(10,328)	(7.9)
Revaluation movements (including share of BYLP)	(13,798)	(10.5)
Movement in purchaser's cost adjustment	356	0.3
Other movements (eg share options)	1,204	(0.8)
31 March 2011	**591,397**	**449.8**

Borrowings

We focus on improving our cash flows and we currently have healthy Group interest cover of 2.8 times based on Group EBITDA against existing interest costs, allied to a relatively conservative debt structure secured principally against the freehold estate.

The Group has a £325 million senior debt facility in place until 15 September 2013, provided by a syndicate of four banks.

Bank	Participation at 31 March 2011	Participation at 31 March 2010
HSH Nordbank AG	**£150 million**	£200 million
Lloyds TSB Bank plc	**£100 million**	£100 million
HSBC Bank plc	**£50 million**	£25 million
Santander	**£25 million**	–

The facility is divided into two tranches, Tranche A, up to a maximum of £50 million is used to finance non-stabilised properties within the Group and carries a margin of 150 bps. Tranche B is used to finance stabilised Group properties, and carries a margin of between 112.5 bps and 150 bps dependent on the Tranche B income cover. The Group is currently paying a margin of 112.5 bps on this Tranche. As the properties within Tranche A stabilise they may be transferred to Tranche B, reducing the margin payable. There is no loan to value covenant on the facility.

The Group was comfortably in compliance with its covenants at 31 March 2011, as illustrated in the table below.

	Covenant	31 March 2011
Minimum income cover on Tranche B properties*	1.4x	**3.88x**
Minimum net assets	£250 million	**£544.9 million**
Maximum gross loan to net assets gearing	1.3:1	**0.50:1**

* The income cover covenant rises to 1.5x from September 2011

The Group has £59 million of cash and undrawn bank facilities and relatively conservative levels of gearing. The Group currently has a net debt to gross property assets ratio of 33%, and a net debt to adjusted net assets ratio of 45%.

Financial Review (continued)

£190 million of the Group's debt is hedged by way of interest rate swaps to September 2015, two years beyond the expiry of the current debt facility. £120 million of this is fixed at 2.99% (excluding margin). The remaining £70 million is fixed at 3.93% (excluding margin). At 31 March 2011 we had floating rate debt of £85 million, on which we are paying one month LIBOR plus applicable margin. The interest rate profile of the Group's debt is shown in the table below:

	Amount of debt 2011	Weighted average interest cost at 31 March 2011	Weighted average interest cost at 31 March 2010
Fixed (to September 2015)	**£190 million**	**4.5%**	4.5%
Variable	**£85 million**	**1.7%**	1.7%
Total	**£275 million**	**3.6%**	3.5%

At 31 March 2011, the fair value on the Group's interest rate derivatives was a liability of £7.8 million. A gain of £0.2 million has been credited to the income statement to reflect the movement from the prior year. The Group does not hedge account its interest rate derivatives. As recommended by EPRA (European Public Real Estate Association), the fair value movements are eliminated from adjusted profit before tax, diluted EPRA earnings per share, and adjusted net assets per share.

Treasury continues to be closely monitored and its policy approved by the Board. We maintain a keen watch on medium and long term rates and the Group's policy in respect of interest rates is to maintain a balance between flexibility and hedging of interest rate risk.

Cash deposits are only placed with approved financial institutions in accordance with the Group's policy.

Share Capital

The share capital of the Company totalled £13.1 million at 31 March 2011 (2010: £13.1 million), consisting of 131,060,522 ordinary shares of 10p each (2010: 130,990,837 shares).

Shares issued for the exercise of options during the period amounted to 69,685 at an average exercise price of 34p.

The Group holds 1,905,000 of its shares within an Employee Benefit Trust ("EBT"). These shares are shown as a debit in reserves and are not included in calculating net asset value per share.

	2011 No.	2010 No.
Opening shares	**130,990,837**	115,592,541
Shares issued in placing	**–**	11,549,000
Shares issued to EBT	**–**	1,090,000
Shares issued for the exercise of options	**69,685**	2,759,296
Closing shares in issue	**131,060,522**	130,990,837
Shares held in EBT and Treasury	**(1,905,000)**	(1,905,000)
Closing shares for NAV purposes	**129,155,522**	129,085,837

71,869,364 shares were traded in the market during the year ended 31 March 2011 (2010: 113,703,496). In the prior year there were two significant placings totalling approximately 23 million shares. The average mid market price of shares traded during the year was 320.0p with a high of 353.3p and a low of 284.4p.

At 31 March 2011 there were 86,351 shares subject to share option awards to employees of the Group at a weighted average strike price of 92p. In addition there are 1,361,082 nil paid options, granted under the Group's LTIP scheme and 302,599 share options granted under the Group's SAYE scheme at a weighted average strike price of 173p.

Big Yellow Limited Partnership

Big Yellow Limited Partnership, a joint venture with Pramerica Real Estate Investors Limited, owns self storage centres and development sites in the Midlands, the North, Scotland and four towns in the South. In the consolidated accounts of Big Yellow Group PLC, the Partnership is treated as an associate. We have adopted equity accounting for the Partnership, so that our share of the Partnership's results are disclosed in operating profit and our net investment is shown in the balance sheet within "Investment in Associate". We have provided in note 13d the balance sheet and income statement of the Partnership, along with the Group's share of the income statement captions.

The table below shows the split of stores and development sites between the Group and the Partnership:

At 31 March 2011	Big Yellow (wholly owned)	Big Yellow Limited Partnership	Total
No of stores trading	51	11	62
No of stores under development	7	1	8
Total number of stores and sites	58	12	70
Development sites with planning consent	6	1	7
Open store capacity	3.23 million sq ft	0.68 million sq ft	3.91 million sq ft
Development site capacity	0.46 million sq ft	0.06 million sq ft	0.52 million sq ft
Total planned capacity	3.69 million sq ft	0.74 million sq ft	4.43 million sq ft

Structure

The Group and Pramerica have committed equity in a one third, two thirds split respectively. The Board of the Partnership comprises two representatives of both Pramerica and Big Yellow. Pramerica have the casting vote over the approval of the Partnership's annual business plan.

The anticipated remaining capital expenditure on the remaining site in the Joint Venture is £3.9 million. This will take the number of stores in the Partnership to 12 and the Partners have resolved not to develop any further stores. Our total further commitment required to fund both the outstanding capital expenditure and trading losses to break even is estimated at £2 million.

The Group earns certain property acquisition, planning, construction and operational fees from the Partnership. For the year to 31 March 2011, these fees amounted to £0.9 million (2010: £1.2 million).

Funding

A five year term development loan of £68 million is in place from the Royal Bank of Scotland plc and HSBC Bank plc to further fund the Partnership. The original loan available was £75 million, but this was reduced by £7 million in the year at the Partners' request, as projections showed the full amount of the loan would not be drawn.

£62.7 million of this loan had been drawn at 31 March 2011.

The Partnership's policy is to fix at least 50% of drawn amounts to 30 June 2013 (as required in its facility agreement), and to leave the balance benefiting from the currently low levels of short term interest rates. £31.8 million of the £62.7 million drawn down at 31 March 2011 has been fixed to 30 June 2013 at a weighted average interest cost post margin of 5.5%. The weighted average interest cost of the overall facility at 31 March 2011 was 4.3% including margin.

Results

For the year ended 31 March 2011, the Partnership made a profit of £5.5 million (2010: £4.0 million), of which Big Yellow's share was £1.8 million (2010: £1.3 million). The operating profit of the Partnership was £0.2 million (2010: operating loss of £0.8 million), with the majority of the stores being profitable at the operating level. After adjusting for non-recurring items (revaluation gains of £6.7 million, and fair value gain on interest rate derivatives of £0.6 million), the Partnership made an adjusted loss of £1.9 million (2010: adjusted loss of £2.0 million), of which the Group's share is £0.6 million (2010: share of loss of £0.7 million). The Partnership is tax transparent, so the limited partners are taxed on any profits.

Big Yellow has an option to purchase the assets contained within the Partnership or the interest in the Partnership which it does not own exercisable from 31 March 2013. On exit whether by way of exercise of the option or a sale to a third party, Big Yellow is entitled to certain promotes, which could result in Big Yellow sharing in the surplus created in the Partnership ahead of its equity participation.

Portfolio Summary – Wholly Owned Stores

Wholly owned stores[(1)]	March 2011 Established	March 2011 Lease-up	March 2011 Total	March 2010 Established	March 2010 Lease-up	March 2010 Total
Number of stores	**32**	**19**	**51**	32	19	51
At 31 March						
Total capacity (sq ft)	**1,941,000**	**1,288,000**	**3,229,000**	1,942,000	1,285,000	3,227,000
Occupied space (sq ft)	**1,381,000**	**534,000**	**1,915,000**	1,350,000	448,000	1,798,000
Percentage occupied	**71.1%**	**41.5%**	**59.3%**	69.5%	34.9%	55.7%
Net rent per sq ft	**£26.34**	**£27.92**	**£26.78**	£26.44	£27.52	£26.85
Annualised revenue (£000)	**42,154**	**17,801**	**59,955**	40,995	15,005	56,000
For the year						
Average occupancy	**71.6%**	**38.8%**	**58.5%**	70.0%	32.5%	55.1%
Average annual rent psf	**£26.32**	**£28.22**	**£26.82**	£26.12	£26.97	£26.31
	£000	**£000**	**£000**	£000	£000	£000
Self storage income	**36,589**	**14,101**	**50,690**	35,504	11,259	46,763
Other storage related income[(2)]	**5,908**	**2,936**	**8,844**	5,773	2,509	8,282
Ancillary store rental income	**61**	**27**	**88**	69	20	89
Total store revenue	**42,558**	**17,064**	**59,622**	41,346	13,788	55,134
Direct store operating costs (excluding depreciation)[(3)]	**(13,046)**	**(7,415)**	**(20,461)**	(12,780)	(7,644)	(20,424)
Short and long leasehold rent[(4)]	**(1,990)**	**(45)**	**(2,035)**	(1,917)	(45)	(1,962)
Store EBITDA[(5)]	**27,522**	**9,604**	**37,126**	26,649	6,099	32,748
Store EBITDA margin[(6)]	**65%**	**56%**	**62%**	64%	44%	59%

Cumulative capital expenditure	£m	£m	£m
To 31 March 2011	**161.5**	**186.9**	**348.4**
To complete	**–**	**3.7**	**3.7**
Total capital expenditure	**161.5**	**190.6**	**352.1**

(1) The 32 established stores are those that had reached stabilisation as a portfolio in 2007 prior to the economic downturn. The lease-up stores have yet to trade at their stabilised occupancy levels. Of the 19 lease-up stores, three stores opened before 31 March 2006, six stores opened in the year ended 31 March 2007, six stores opened in the year ended 31 March 2008 and four have opened since 1 April 2008.

(2) Packing materials, insurance and other storage related fees.

(3) Includes direct marketing costs and customer support centre costs allocated across the portfolio of Big Yellow stores.

(4) Rent for seven established short leasehold properties accounted for as investment properties and finance leases under IFRS with total self storage capacity of 431,000 sq ft, and a long leasehold lease-up store with a capacity of 64,000 sq ft.

(5) Earnings before interest, tax, depreciation and amortisation.

(6) Of the established stores, the seven leasehold stores achieved a store EBITDA of £4.5 million and EBITDA margin of 45%. The 25 freehold stores achieved a store EBITDA of £23.0 million and EBITDA margin of 71%.

Portfolio Summary – Big Yellow Limited Partnership Stores

	March 2011	March 2010
Number of stores	**11**	9
At 31 March		
Total capacity (sq ft)	**683,000**	556,000
Occupied space (sq ft)	**215,000**	117,000
Percentage occupied	**31.5%**	21.0%
Net rent per sq ft	**£18.70**	£18.99
Annualised revenue (£000)	**5,066**	2,823
For the year		
Average occupancy	**25%**	14%
Average annual rent psf	**£19.01**	£18.06

	£000	£000
Self storage income	**3,211**	1,417
Other storage related income	**919**	462
Ancillary store rental income	**4**	1
Total store revenue	**4,134**	1,880
Direct store operating costs (excluding depreciation)	**(3,181)**	(2,178)
Store EBITDA	**953**	(298)
Store EBITDA Margin	**23%**	(16%)
Cumulative capital expenditure[1]		
To 31 March 2011	**95.6**	
To complete	**3.0**	
Total capital expenditure	**98.6**	

(1) This cost includes Leeds which was acquired by the Partnership as an open store in November 2007.

Report on Corporate Governance

Introduction

The Company is committed to the principles of corporate governance contained in the Combined Code on Corporate Governance that was issued in 2008 by the Financial Reporting Council ('the Code') for which the Board is accountable to shareholders. The Board also takes account of the corporate governance guidelines of institutional shareholders and their representative bodies.

Statement of compliance with the Combined Code

Throughout the year ended 31 March 2011, the Company has been in compliance with the Code provisions set out in section 1 of the 2008 FRC Combined Code.

Statement about applying the principles of the Code

The Company has applied the principles set out in section 1 of the Code, including both the main principles and the supporting principles, by complying with the Code as reported above. Further explanation of how the principles and supporting principles have been applied is set out below and in the Directors' Remuneration Report and Audit Committee Report.

The Board of Directors

The Directors believe it is essential for the Group to be led and controlled by an effective Board that provides entrepreneurial leadership within a framework of sound controls which enables risk to be assessed and managed. The Board is responsible for setting the Group's strategic aims, its values and standards and ensuring the necessary financial and human resources are in place to achieve its goals. The Board ensures that its obligations to shareholders and other stakeholders are understood and met. The Board also regularly reviews the performance of management.

The Board currently consists of nine Directors: four Executives and five Non-Executives. The Board considers Tim Clark, Mark Richardson, Steve Johnson and Jonathan Short to be wholly independent and free from any business or other relationship which could materially interfere with the exercise of their judgement throughout the year.

Jonathan Short is considered an independent Non-Executive, even though as he has served on the Board for eleven years, exceeding the Combined Code recommended limit. This was concluded after considering his integrity and the effectiveness with which he carries out his responsibilities to the Company.

The Board does not consider that Philip Burks is an independent Non-Executive, given that he was a co-founder of the Group and was an Executive Director from September 1998 until March 2007.

Tim Clark is the Senior Independent Non-Executive Director.

All the Non-Executive Directors bring considerable knowledge, judgement and experience to Board deliberations. Non-Executive Directors do not participate in any of the Company's share option or bonus schemes and their service is non-pensionable. Philip Burks has legacy LTIPs from his time as an Executive Director. The Non-Executive Directors are encouraged to communicate directly with Executive Directors between formal Board meetings. The Non-Executive Directors meet at least once a year without the Executive Directors being present.

Details of the Board and its principal committees are set out below. All of the Committees are authorised to obtain legal or other professional advice as necessary, to secure where appropriate the attendance of external advisers at its meetings and to seek information required from any employee of the Company in order to perform its duties.

Attendance at meetings of the individual Directors at the Board and for the members of the Committees that they were eligible to attend is shown in the table below:

Director	Position	Board	Audit	Remuneration	Nominations
Philip Burks	Non-Executive Director	6/6	–	–	–
Tim Clark	Non-Executive Director	6/6	3/3	5/5	3/3
James Gibson	Chief Executive Officer	6/6	–	–	–
Steve Johnson	Non-Executive Director	3/4	2/2	1/1	–
Adrian Lee	Operations Director	6/6	–	–	–
Mark Richardson	Non-Executive Director	6/6	3/3	5/5	3/3
Jonathan Short	Non-Executive Director	5/6	3/3	5/5	3/3
John Trotman	Chief Financial Officer	6/6	–	–	–
Nicholas Vetch	Executive Chairman	6/6	–	–	–

The Board meets on a regular basis approximately once every two months to discuss a whole range of significant matters including strategic decisions, major asset acquisitions and performance. A procedure to enable Directors to take independent professional advice if required has been agreed by the Board and formally confirmed by all Directors.

There is a formal schedule of matters reserved for the Board's attention including the approval of Group strategy and policies; major acquisitions and disposals, major capital projects and financing, Group budgets and material contracts entered into other than in the normal course of business. The Board also considers matters of non-financial risk.

At each Board meeting the latest available financial information is produced which consists of detailed management accounts with the relevant comparisons to budget. A current trading appraisal is given by the Executive Directors.

In accordance with the UK Corporate Governance Code, all Directors are submitting themselves for re-election at the 2011 Annual General Meeting. The biographical details of the Directors of the Group are set out on page 71. In the event of a proposal to appoint a new Director, this would be discussed at a full Board meeting, with each member being given the opportunity to meet the individual concerned prior to any formal decision being taken.

Chairman and Chief Executive

The division of responsibilities between the Chairman and the Chief Executive has been agreed by the Board and encompasses the following parameters:

- the Chairman's role is to provide continuity, experience, governance and strategic advice, while the Chief Executive provides leadership, drives the day-to-day operations of the business, and works with the Chairman on overall strategy;
- the Chairman, working with the Senior Independent Non-Executive Director, is viewed by investors as the ultimate steward of the business and the guardian of the interests of all the shareholders;
- the Board believes that the Chairman and the Chief Executive work together to provide effective and complementary stewardship;
- the Chairman must:
  - take overall responsibility for the composition and capability of the Board; and
  - consult regularly with the Chief Executive and be available on a flexible basis for providing advice, counsel and support to the Chief Executive.
- the Chief Executive must:
  - manage the Executive Directors and the Group's day-to-day activities;
  - prepare and present to the Board strategic options for growth in shareholder value;
  - set the operating plans and budgets required to deliver agreed strategy; and
  - ensure that the Group has in place appropriate risk management and control mechanisms.

Performance Evaluation

Each year the Board undertakes a formal evaluation of its own performance and that of its Committee and its individual members. During the year, the Chairman evaluated the performance of the Executive Directors, and the performance of the Chairman was evaluated by the Senior Independent Non-Executive Director. It was considered that the individuals, the Committees and the Board as a whole were operating effectively, with appropriate procedures put in place for minor areas identified for improvement.

The Board has noted the recommendations of the new Combined Code, and intends to appoint a facilitator during the year ended 31 March 2012 to perform an external evaluation of the Board's effectiveness and procedures, and those of its Committees.

All of the Non-Executive Directors are being proposed for election at the Annual General Meeting. Following the performance evaluation above, the Committee has determined that their performance is effective, and that they demonstrated commitment to the role.

Information and Professional Development

All Directors are provided with detailed financial information throughout the year. On a weekly basis they receive a detailed occupancy report showing the performance of each of the Group's open stores. Management accounts are circulated to the Board monthly, and a detailed Board pack is distributed a week prior to each Board meeting.

All Directors are kept informed of changes in relevant legislation and changing commercial risks with the assistance of the Company's legal advisers and auditors where appropriate. During the year under review, this has included consideration of Directors' responsibilities, an update on developments in the Combined Code and a briefing on the Bribery Act. The professional development requirements of Executive Directors are identified and progressed as part of each individual's annual appraisal. All new Directors are provided with a full induction programme on joining the Board.

Non-Executive Directors are encouraged to attend seminars and undertake external training at the Company's expense in areas they consider to be appropriate for their own professional development. Each year, the programme of senior management meetings is tailored to enable meetings to be held at the Company's properties. During the year, the senior management team made visits to all of the Group's open stores.

Standing Committees of the Board

The Board has Audit, Remuneration and Nomination Committees, each of which has written terms of reference. They deal clearly with the authorities and duties of each Committee and are formally reviewed annually. Copies of these terms of reference are available on the Company's website. Each of these Committees is comprised of Independent Non-Executive Directors of the Company who are appointed by the Board on the recommendation of the Nominations Committee.

The Chairman of each Committee reports the outcome of the meetings to the Board. The Company Secretary is secretary to each Committee.

Remuneration Committee
Tim Clark (Chairman)
Steve Johnson
Mark Richardson
Jonathan Short

Steve Johnson was appointed to the Committee in the year upon his appointment to the Board.

The Committee is responsible for determining broad policy for the remuneration of the Executive Directors and the Company Secretary. Within the terms of the agreed policy the Committee will determine the total individual remuneration package of each Executive Director, including, where appropriate, bonuses, incentive payments, pension arrangements and share options. The Committee will select, appoint and set the terms of reference for any remuneration consultants who advise the Committee. The Committee will ensure that the contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is, where appropriate, fully recognised.

The fees of the Non-Executive Directors are reviewed by the Board at regular intervals. The statement of remuneration policy and details of each Director's remuneration is set out in the Directors' Remuneration Report.

Nominations Committee
Tim Clark (Chairman)
Steve Johnson
Mark Richardson
Jonathan Short

Steve Johnson was appointed to the Committee in the year upon his appointment to the Board.

The Nominations Committee is responsible for regularly reviewing the structure, size and composition required of the Board and giving consideration to succession planning for Directors and other senior Executives. Where changes are required, it is also responsible for the identification, selection and proposal to the Board for approval of persons suitable for appointment or reappointment to the Board, whether as Executive or Non-Executive Directors and to seek approval from the Remuneration Committee to the remuneration and terms and conditions of service of any proposed Executive Director appointment. The Chairman of the Committee presents reports to the Board as appropriate to enable the Board as a whole to agree the appointments of new Directors. The Committee meets at least once a year and otherwise as required and as determined by its members.

The terms and conditions of appointment for the Non-Executive Directors is available for inspection at the Company's Head Office during normal working hours. They are also available for inspection at the Company's AGM.

Appointment to the Board
During the year the Nominations Committee considered the skill sets of the existing Non-Executive Directors. The Committee also considered the overall make-up of the Board and decided that it was appropriate to appoint a new Non-Executive Director, who specialised in marketing and retail. The Nominations Committee appointed an external recruitment consultant to provide a shortlist of candidates to the Committee. Following a rigorous interview process, the Committee recommended to the Board that Steve Johnson be appointed to the Board. Steve Johnson was duly appointed to the Board during the year.

The Nominations Committee believes the Board benefits from this appointment.

Shareholder Relations
The Board aims to achieve clear reporting of financial performance to all shareholders and acknowledges the importance of an open dialogue by both Executive and Non-Executive Directors with its institutional shareholders. The Board believes that the Annual Report and Accounts play an important part in presenting all shareholders with an assessment of the Group's position and prospects.

The Company has an active dialogue with its shareholders through a programme of investor meetings which include formal presentation of the full and half year results. The Executive Directors have participated in investor conferences and meetings during the year, throughout the United Kingdom, and also in the United States and the Netherlands.

The Board also welcomes the interest of private investors and believes that, in addition to the Annual Report and the Company's website, the Annual General Meeting is an ideal forum at which to communicate with investors and the Board encourages their participation. At each Board Meeting, the Board is updated on any shareholding meetings that have taken place, and any views expressed or issues raised by the shareholders in these meetings.

Any queries raised by a shareholder, either verbally or in writing, are answered immediately by whoever is best placed on the Board to do so. Directors are introduced to shareholders at the AGM, including the identification of Non-Executive Directors and Committee Chairmen. The number of proxy votes cast in the resolution is announced at the AGM.

Risk Management and Internal Control

The Directors are responsible for the Group's system of risk management and internal control and for reviewing its effectiveness. The system of internal control was in place throughout the financial year and to the date of this report. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group operates a rigorous system of internal control, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. There is a comprehensive system in place for financial reporting and the Board receives a number of reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad hoc reports. There are clearly defined authority limits throughout the Group, including those matters which are reserved specifically for the Board.

In compliance with provision C.2.1 of the Combined Code, the Board regularly reviews the effectiveness of the Group's system of internal control. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Board has also performed a specific assessment for the purpose of this annual report. This assessment considers all significant aspects of internal control arising during the period covered by the report. The Audit Committee assists the Board in discharging its review responsibilities.

A formal risk identification and assessment exercise has been carried out resulting in a risk framework document summarising the key risks, potential impact and the mitigating factors or controls in place. The Board have a stated policy of reviewing this risk framework at least once a year or in the event of a material change. The risk identification process also considered significant non-financial risks.

During the reviews, the Directors:

- challenged the framework to ensure that the list of significant risks to business objectives is still valid and complete;
- considered new and emerging risks to business objectives and included them in the framework if significant;
- ensured that any changes in the impact or likelihood of the risks are reflected in the risk framework; and
- ensured that there are appropriate action plans in place to address unacceptable risks.

The results of the exercise have been communicated to the Board and the Audit Committee. This was in the form of a summary report which included:

- a prioritised summary of the key risks and their significance;
- any changes in the list of significant risks or their impact and likelihood since the last assessment;
- new or emerging risks that may become significant objectives in the future;
- progress on action plans to address significant risks; and
- any actual or potential control failures or weaknesses during the period (including "near misses").

During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore, a confirmation in respect of necessary actions has not been considered appropriate.

Internal Audit

The Group does not have a formal internal audit function because the Board has concluded that the internal controls systems discussed above are sufficient for the Group at this time. However, the Group employs a Store Compliance Manager responsible for reviewing store operational and financial controls. He reports to the Chief Financial Officer. The Store Compliance Manager visits each operational store twice a year to carry out a detailed store audit. These audits are unannounced and the Store Compliance Manager carries out detailed tests on financial management within the stores, administrative standards, and operational standards. This role is supported by an Assistant Store Compliance Manager, enabling additional work and support to be carried out across the Group's store portfolio. Part of the store staff's bonus is based on the scores they achieve in these audits. The results of each audit are reviewed by the Chief Financial Officer and the Head of Store Operations.

A summary of the principal risks and uncertainties within the business are set out in the Risk Assessment section of the Business Review from page 28.

Going Concern

A review of the Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 22 to 39 of the Business and Financial Reviews. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are shown in the balance sheet, cash flow statement and accompanying notes in the financial statements. Further information concerning the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk can be found in the Operating and Financial Review.

After reviewing Group and Company cash balances, borrowing facilities, forecast valuation movements and projected cash flows, the Directors believe that the Group and Company have adequate resources to continue operations for the foreseeable future. In reaching this conclusion the Directors have had regard to the Group's operating plan and budget for the year ending 31 March 2012 and projections contained in the longer term business plan which covers the period to March 2016. The Directors have considered carefully the Group's trading performance and cash flows as a result of the uncertain global economic environment and the other principal risks to the Group's performance and are satisfied with the Group's positioning. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent Company financial statements under IFRSs as adopted by the European Union. Under company law the Directors must not approve the accounts 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:

> properly select and apply accounting policies;

> present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

> provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

> make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper 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 included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the Business Review, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Shauna Beavis
Secretary
23 May 2011

Audit Committee Report

Summary of the Role of the Audit Committee

The Audit Committee is appointed by the Board from the Non-Executive Directors of the Group. The Audit Committee's terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1 and the Combined Code. The terms of reference are considered annually by the Audit Committee and are then referred to the Board for approval.

The Audit Committee is responsible for:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained therein;
- reviewing the Group's internal financial controls and the Group's internal control and risk management systems, including consideration of the need for an internal audit function;
- making recommendations to the Board for a resolution to be put to the shareholders for their approval in general meetings, on the appointment of the external auditors and the approval of the remuneration and terms of engagement of the external auditors;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; and
- developing and implementing a policy on the engagement of the external auditors to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm.

The Audit Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

Composition of the Audit Committee

The members of the Audit Committee are:

Mark Richardson (Chairman)
Tim Clark
Steve Johnson
Jonathan Short

Membership of the Committee is reviewed by the Chairman of the Committee and the Executive Chairman, who is not a member of the Audit Committee, at regular intervals and they recommend new appointments to the Nominations Committee for onward recommendation to the Board. Steve Johnson was appointed to the Audit Committee during the year on his appointment to the Board.

The Audit Committee structure requires the inclusion of one financially qualified member (as recognised by the Consultative Committee of Accountancy Bodies). Currently Mark Richardson, as a Fellow of the Institute of Chartered Accountants of England and Wales, fulfils this requirement. All Audit Committee members are expected to be financially literate.

The Committee is comprised of four Non-Executive Directors, a majority of whom have to be deemed independent, with a minimum of three members at any time. Two members constitute a quorum.

The Group provides an induction programme for new Audit Committee members and on-going training to enable all of the Committee members to carry out their duties. The induction programme covers the role of the Audit Committee, its terms of reference and expected time commitment by members and an overview of the Group's business, including the main business and financial dynamics and risks. New Committee members also meet some of the Group's staff. On-going training includes attendance at formal conferences, internal company seminars and briefings by external advisers.

The Board expects the Audit Committee members to have an understanding of:

- the principles of, contents of, and developments in financial reporting including the applicable accounting standards and statements of recommended practice;
- key aspects of the Group's operations including corporate policies, Group financing, products and systems of internal control;
- matters that influence or distort the presentation of accounts and key figures;
- the principles of, and developments in, company law, sector-specific laws and other relevant corporate legislation;
- the role of external auditing and risk management;
- the regulatory framework for the Group's businesses; and
- environmental and social responsibility best reporting practices.

The Committee have reviewed the arrangements for "whistleblowing" by employees to ensure that there is a consistent policy in the Group to enable employees to voice concerns particularly in respect of possible financial reporting improprieties. A whistleblowing policy is included in the employee handbook.

Meetings

The Audit Committee is required to meet three times per year and has an agenda linked to events in the Group's financial calendar. The agenda is predominantly cyclical and is therefore approved by the Audit Committee Chairman on behalf of his fellow members. Each Audit Committee member has the right to require reports on matters of interest in addition to the cyclical items.

The Audit Committee invites the Chief Executive, Chief Financial Officer, Financial Controller, and senior representatives of the external auditors to attend all of its meetings in full, although it reserves the right to request any of these individuals to withdraw. Other senior management are invited to present such reports as are required for the Committee to discharge its duties.

Overview of the actions taken by the Audit Committee to discharge its duties

Since the beginning of the financial year the Audit Committee has:

- reviewed the March 2010 report and financial statements, the September 2010 half-yearly report and the trading updates issued in July and January. As part of this review the Committee received a report from the external auditors on their audit of the annual report and financial statements and review of the half-yearly report;
- considered the output from the Group-wide process used to identify, evaluate and mitigate risks;
- reviewed the effectiveness of the Group's internal controls and disclosures made in the annual report and financial statements on this matter;
- reviewed and agreed the scope of the audit work to be undertaken by the auditors;
- agreed the fees to be paid to the external auditors for their audit of the March 2011 financial statements and September half-yearly report;
- undertaken an assessment of the qualification, expertise and resources, and independence of the external auditors and the effectiveness of the audit process. This included consideration of a report on the audit firm's own quality control procedures and the audit firm's annual transparency report, and the report produced by the Audit Inspection Unit on the audit firm;
- assessed the risks associated with the possible withdrawal of the external auditor from the market;
- met the Group's external valuers;
- undertaken an evaluation of the performance of the external auditors; and
- reviewed its own effectiveness.

External Auditors

The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit. The policy assigns oversight responsibility for monitoring the independence, objectivity and compliance with ethical and regulatory requirements to the Audit Committee, and day to day responsibility to the Chief Financial Officer. The policy states that the external auditors are jointly responsible to the Board and the Audit Committee and that the Audit Committee is the primary contact.

The Group's policy on external audit sets out the categories of non-audit services which the external auditors will and will not be allowed to provide to the Group, subject to de minimis levels. They may not provide a service which places them in a position where they may be required to audit their own work. Specifically, they are precluded from providing services relating to bookkeeping, financial information system design and implementation, appraisal or evaluation services, actuarial services, any management functions, investment banking services, legal services unrelated to the audit or advocacy services.

To fulfil its responsibility regarding the independence of the external auditors, the Audit Committee reviewed:

- the changes in key external audit staff in the external auditors' plan for the current year;
- the arrangements for day-to-day management of the audit relationship;
- a report identifying the number of former external audit staff now employed by the Group and their positions within the Group;
- a report from the external auditors describing their arrangements to identify, report and manage any conflicts of interest; and
- the overall extent of non-audit services provided by the external auditors, in addition to their case-by-case approval of the position of non-audit services by the external auditors.

To assess the effectiveness of the external auditors, the Audit Committee reviewed:

- the arrangements for ensuring the external auditors' independence and objectivity;
- the external auditors' fulfilment of the agreed audit plan and variations from the plan;
- the robustness and perceptiveness of the auditors in their handling of the key accounting and audit judgements; and
- the content of the external auditors' comments on control improvement recommendations.

Regard is paid to the nature of, and remuneration received, for other services provided by Deloitte LLP to the Group and, inter alia, confirmation is sought from them that the fee payable for the annual audit is adequate to enable them to perform their obligations in accordance with the scope of the audit. Where non-audit services are provided, the fees are based on the work undertaken and are not success related.

In respect of the year ended 31 March 2011, the auditors' remuneration comprised £165,000 for audit work and £158,000 for other work, principally relating to corporation tax work.

As part of this year's decision to recommend the re-appointment of the auditors, the Audit Committee has taken into account the tenure of the auditors and the audit partner and the need to consider at least every five years whether there should be a full tender process. The auditors, Deloitte LLP, have been in tenure since 2000 and the current audit partner has been in place since the audit of the 2009 financial statements. There are no contractual obligations that act to restrict the Audit Committee's choice of external auditors.

As a consequence of its satisfaction with the results of the activities outlined above, the Audit Committee has recommended to the Board that the external auditors are re-appointed.

Overview

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditors.

The Chairman of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Approved by the Audit Committee and signed on its behalf by:

Mark Richardson
Audit Committee Chairman
23 May 2011

Corporate Social Responsibility Report

1. INTRODUCTION

Big Yellow's CSR Policy aims to strike the balance between its social, economic and environmental responsibilities as an owner, operator and developer of self storage buildings. Overall responsibility for the CSR Policy is provided by the Operations Director, through regular CSR committee meetings chaired by the CSR Manager. The Group's Board Reports communicate progress on our CSR objectives to the Company's Directors.

In order to maintain a sustainable business for its customers, staff and investors, the Board has committed significant resources to the social and environmental aspects of its operations. These are measured by key performance indicators ("KPIs"), the most significant of which are reported below.

2. EXECUTIVE SUMMARY

Highlights

Our CSR programme for 2011 committed us to focus on our most significant environmental challenge of energy efficiency and carbon reduction. In order to achieve these objectives we:

1. increased the roll-out of our store lighting energy efficiency re-lamping programmes, 41% of the estate is now converted;
2. reduced store carbon intensity emissions by 2.1%;
3. reduced Construction Fit Out carbon emissions by 63.5%;
4. increased solar panel electricity generation by 20.6%;
5. increased renewable energy generation by 11.5%; and
6. generated 255 MWh of solar electricity and 398 MWh of cumulative renewable energy since 2008.

Our most significant social and environmental performance indicators are summarised as follows:

This year store carbon emissions (including our head office at Bagshot and one warehouse building) represents 97.48% of our emissions, with flexi office gas accounting for 1.56% of emissions and construction 'fit out' only 0.96% of emissions.

Total Carbon Footprint	2010	2011	% Change
Store Electricity Emissions (tCO_2)	6,913	**7,542**	9.1%
'Fit out' Diesel & Electricity Emissions (tCO_2)	203	**74**	(63.5%)
Flexi-office Gas Emissions (tCO_2)	89	**121**	36.0%
Absolute Carbon Dioxide Emissions (tCO_2)	7,205	**7,737**	7.4%

Store electricity emissions, and therefore absolute carbon dioxide emissions, have increased as a result of growing storage occupancy, the opening of two new stores in the financial year, and completion of the fit out of further storage areas at Fulham and Kennington.

Store Electricity Use and CO_2 Emissions Year	2010	2011	% Change
Electricity Use (kWh)	12,730,855	**13,925,217**	9.4%
Absolute Carbon Emissions (tCO_2)	6,913	**7,542**	9.1%
Carbon Intensity ($kgCO_2/m^2$ Gross Internal Area)	13.1	**13.8**	5.3%
Carbon Intensity (Kg CO_2/m^2 occupied space)	38.9	**38.1**	(2.1%)

Renewable Energy Generation Year	2010	2011	% Change
11 Solar PVs (kWh)	93,607	**112,930**	20.6%
2 Wind Turbines (kWh)	5,313	**3,301**	(37.9%)
5 Ground Source Heat Pumps (kWh)	52,125	**52,125**	–
Total Renewable Energy (kWh)	151,045	**168,356**	11.5%

Carbon Dioxide Saved and Renewable Energy % of Total Store Electricity Use Year	2010	2011	% Change
Carbon dioxide saved by renewable energy (tCO_2)	81.8	**91.2**	11.5%
Cost Savings – Displaced Grid Electricity (£)	13,594	**15,152**	11.5%
Renewable percentage of total store energy use (%)	1.1	**1.2**	9.1%

3. STAKEHOLDERS

Big Yellow engages with its main stakeholders to provide information and gain useful feedback from a variety of groups, as described below:

3.1 Our Customers

During the year, we joined the "10:10 Campaign", a business networking opportunity to engage thousands of potential customers and businesses across the UK in adopting more ambitious carbon reduction targets. We have signed up because we have been aiming to reduce our carbon emissions since 2008 and we aim to continue to do so. We have placed Energy Performance Certificates on display in our store reception areas dating back to October 2008, and real time renewable energy generation display screens in our store loading bays, where solar PV and wind turbines have been installed. We aim to raise customer awareness of our efforts to provide compliant, cost effective, efficient and low carbon storage. Also, through the Sunday Times Best Green Companies survey, we want future customers to know about the actions we are taking to reduce the impact of our business on the environment.

3.2 Our Staff

CSR training was provided to our store staff in response to feedback from our annual staff survey. Presentations were held at our Tunbridge Wells, Edmonton, Birmingham and Twickenham stores. Topics covered included our CSR policy, carbon reduction, energy efficiency, and renewable energy initiatives. New staff environmental inductions were provided at our High Wycombe, Camberley and Eltham stores and Green Travel Plans were established at Camberley and Eltham. Following a 'staff travel carbon footprint survey' in October 2008, a tax efficient bicycle purchase scheme was implemented. This scheme has resulted in staff purchasing 30 bicycles in the first 15 months of the scheme to 31 March 2011. Cycle ownership and use has risen from 3% to 11% of staff. We also participated in the Sunday Times 'Best Green Companies' 2011 employee survey. The aim of participating in the survey is to gather staff opinions on our green business policies and to help us recognise what we are doing well and where we need to improve.

3.3 Governmental Organisations

We participated in the 'Green Deal' ministerial event on improving energy efficiency in non-domestic buildings, in October 2010. Discussions were held on key business roles and the funding mechanism for businesses that would involve energy efficiency technology providers, certifiers and energy supply companies. We also participated in a consultation and workshop in February 2011, for the review of the Government's Carbon Reduction Commitment (Climate Change Act 2010) in order to prepare for changes in reporting on our Carbon Footprint, our Annual Report and the provision of our Evidence Pack.

3.4 The Investment Community

Big Yellow took part in the seventh Carbon Disclosure Project ("CDP7") which aims to create a shareholder value relationship between institutional investors and companies that have strong climate change policies. We achieved a 'B' rating in the 'Financials' sector along with Hammerson, Great Portland Estates, Segro, British Land Company, Derwent and Shaftesbury. The top 'A' rated Financials were the Royal Bank of Scotland, HSBC Holdings and Barclays. CDP7 provides a coordinating secretariat for institutional investors with a combined US $57 trillion of assets under management.

Big Yellow also presented at the Maastricht University's international 'Green Building Finance and Investment conference, organised by the managers of the Global Real Estate Sustainability Benchmark ("GRESB"). It was an exchange of insights and knowledge from investors, businesses and governments on green building finance and investments. Eleven of the world's largest pension asset managers sponsored the event, representing $1.4 trillion in assets under management. These asset managers have joined forces to create the GRESB annual survey that Big Yellow participates in. The survey will scrutinise the sustainability of companies in the real estate industry. The GRESB real estate index compares property companies' environmental credentials based on the evidence of their environmental management practices and implementation.

4. KEY PERFORMANCE INDICATORS

Big Yellow's most significant environmental impact is its carbon emissions from electric lighting use in operational stores. We have calculated carbon dioxide (CO_2) emissions using the latest DECC conversion factors.

4.1 Store Energy Use – Carbon Dioxide Emissions

Electricity is used for lighting, lifts, heating, cooling and ventilation. This type of emission is classified as 'Scope 2' or offsite power station 'fossil fuel' emissions. We are reporting and re-stating carbon intensity data by gross internal area (GIA), rather than final storage area, because it is more representative of lighting use in reception, office, store corridors and stairwells. Independent Energy Statements estimate that about 3% of our store electricity use comes from external store signage, security and parking lighting.

The table below summarises the Company's store electricity usage and emissions over the last three years:

Store Electricity Use & CO_2 Emissions

Year	2009	2010	**2011**	% Change	2012 Target
Electricity Use (kWh)	12,866,186	12,730,855	**13,925,217**	9.4%	–
Carbon Emissions ($kgCO_2$)	6,986,725	6,913,236	**7,541,898**	9.1%	–
Occupied space (m^2)	164,898	177,904	**198,063**	11.3%	–
KgCO2/m^2 occupied space	42.4	38.9	**38.1**	(2.1%)	(2.5%)
GIA (m^2)	475,789	528,604	**545,884**	3.3%	–
Kg CO_2/m^2 GIA	14.7	13.1	**13.8**	5.3%	–

Due to growing storage occupancy in the last year and new store openings, electricity use and carbon emissions rose for the first time since the financial year ending 31 March 2008. Carbon emissions for occupied space indicate that we still achieved a reduction in carbon intensity of 2.1%. The carbon intensity measure for gross internal area ("GIA") takes into account our new store portfolio growth. Our target will be to continue to reduce carbon intensity as we achieve occupancy growth by our continued investments in store energy efficiency.

4.2 Store Lighting – Energy Efficiency Programmes

Our new stores at High Wycombe and Camberley were opened with energy saving motion sensor lighting and energy efficient T5 lamps, installed by Big Yellow Construction. LED lighting is also being trailed in the Camberley store reception area. New energy efficient stores, from our Kennington store opening onwards, now number 14 'Eco-stores'. A further 26 stores from the older portfolio have been re-lamped by our Facilities Management team, with energy efficient T5 lamps or energy efficient power adaptors fitted to existing T8 lamps to achieve a 30% energy saving. Seven stores were converted to energy efficiency upgrades (Battersea, Dagenham, Hounslow, Croydon, Guildford, Ilford and Hanger Lane) in the financial year ending 31 March 2011. Our Facilities Management energy efficiency lighting programme is now 41% complete. Zoning of sensor lighting was carried out at Bow in September 2010, which has increased the control of lighting use further. Sensors only activate energy efficient lighting in zones where customer activity is detected. Facilities Management intend to roll-out this control to eight further stores and also carry out 10 energy saving re-lamps in the financial year ending 31 March 2012 to achieve a 57% completion.

4.3 Stores Gas Use – Carbon Dioxide Emissions

Flexi-office services are provided alongside self storage in twelve of our sixty two stores.

Stores Flexi-offices Gas Use & CO_2 Emissions

Year	2009	2010	**2011**	% Change
Flexi-office gas energy use (kWh/year)	479,354	482,229	**656,017**	36.0%
Carbon dioxide emissions (Kg CO_2)	88,000	88,528	**121,265**	37.0%
Flexi Office Occupied Space (m^2)	2,680	2,836	**2,909**	2.6%
Carbon intensity (kg CO_2/m^2 occupied space)	32.8	31.2	**41.6**	33.3%
Final Office Area (m^2)	3,282	3,401	**3,526**	3.7%
Flexi-office carbon intensity (Kg CO_2/m^2)	26.8	26.0	**35.6**	36.9%

Gas carbon emissions only make up 1.56% of our total carbon footprint and these have increased by 37.0% in flexi offices due to increased business activity and the severity of the 2010 / 11 winter. Eight of these offices use gas heating systems and Kennington and Bromley are heated and cooled by renewable energy from ground source heat pumps. Two flexi-offices have heating provided by electricity. Gas heating, which involves direct 'onsite' combustion are known as 'Scope 1' carbon emissions. Gas carbon emission reductions are planned for future stores with flexi-office services by increased contributions from solar PV installations for electric heating.

4. KEY PERFORMANCE INDICATORS (continued)

4.4 Construction 'Fit-Out' – Carbon Dioxide Emissions

Store 'fit out' is the final and only stage of construction that Big Yellow manages directly. Diesel energy generation and grid electricity use amount to about 0.96% of carbon emissions. High Wycombe, Camberley and Eltham account for these carbon emissions to the year ending 31 March 2011.

Construction 'Fit Out' Energy Use & CO_2 Emissions

Energy Use	2009	2010	**2011**	% Change
Total fit out diesel use (litres)	37,962	50,571	**13,481**	(73.3%)
Diesel generator (tCO_2)	101.5	133.5	**35.6**	(73.3%)
Fit out grid electricity use (kWh)	177,047	127,643	**69,933**	(45.2%)
Total construction 'fit out' energy use	95.1	69.3	**37.9**	(45.3%)
Number of stores fit outs	6	6	**3**	(50%)
Absolute total metric tons (tCO_2)	196	203	**74**	(63.5%)
tCO_2 per new store fit out	32.7	33.8	**24.7**	(26.9%)

Diesel consumption was reduced by 73.3% due to a 50% reduction in store fit outs and the use of grid electricity on the Eltham site where we also trialled well insulated construction site eco cabins. These factors contributed to a significant reduction in CO_2 emissions of 63.5%.

4.5 Big Yellow's Carbon Footprint

In summary, Big Yellow's carbon footprint is set out in the table below:

Big Yellow – Absolute Carbon Foot Print

Operations	2009	2010	**2011**	% Change	2011 target
Store electricity carbon dioxide emissions (tCO_2)	6,987	6,913	**7,542**	9.1%	–
'Fit out' diesel & electricity carbon dioxide emissions (tCO_2)	196	203	**74**	(63.5%)	–
Store flexi-office carbon dioxide emissions (tCO_2)	88	89	**121**	36.0%	–
Total carbon dioxide emissions (tCO_2)*	7,271	7,205	**7,737**	7.4%	5%

* Expressed as metric tonnes of carbon dioxide

Total carbon dioxide emissions for combined store and operational emissions increased in absolute terms by 7.4%, due to increased business activity in self storage and flexi-office occupancy, the opening of three new stores and a higher demand for heating in the 2010/11 winter period. This is the first year since the financial year ending 31 March 2008 in which Big Yellow has not achieved an absolute carbon reduction. Only in fit out construction was there a significant carbon reduction mainly due to a lower development programme. The number of new stores opened (two) and under construction (six) remained relatively low compared to previous years. Construction diesel use was reduced due to the slower development rate and by switching from diesel generators to grid electricity at the earliest opportunity.

In the year ended 31 March 2012, Big Yellow plans to continue its energy efficiency programme for store lighting and increased capacity for solar PV installations (providing up to 50 kWp) on new stores. We aim to reduce carbon intensity per square metre of occupied space by 2.5%, as our business activity increases.

4. KEY PERFORMANCE INDICATORS (continued)

4.6 Renewable Energy Generation

In the year ended 31 March 2011, Big Yellow added one solar photo-voltaic installation at its new store in Camberley. Our renewable energy assets now consist of eleven solar installations, five ground source heat pumps and two wind turbines over twelve stores. Solar PV generation data has been restated this year based on more accurate meter readings, rather than the use of display screen monitors. Ground source heat pump (GSHPs) annual generation estimates have been added to the renewable energy totals and these have been restated based on independent performance reports from Tate Engineering and Faber Maunsel Energy Statements. GSHPs, supply heating and / or cooling to reception and office areas in Balham, Fulham, Kennington, Sheen and Bromley.

Renewable Energy Generation

Year	2009	2010	**2011**	% Change	2011 Targets
Renewable energy generation (kWh)	76,424	151,045	**168,356**	11.5%	12%
Carbon dioxide emission reduction (tCO_2)	41.4	81.8	**91.2**	11.5%	–
Grid electricity savings @0.9/kWh (£)	6,878	13,594	**15,152**	11.5%	–
Renewable Obligation Certificates (ROCs) (£)	857	1,683	**n/a**	–	–
Total renewable energy income & savings (kWh)	8,583	16,290	**n/a**	–	–
Total store energy use (electricity & gas) kWh	13,345,540	13,214,084	**14,555,897**	10.2%	–
Renewable energy % of store energy use	0.6%	1.1%	**1.2%**	9.1%	–

Renewable energy generation, carbon emission savings and revenues increased by just over 11.5%. Revenue payments for Renewable Obligation Certificates (ROCs) only include Balham and Merton Solar PVs because the majority of installations were transferred directly from ROCs to the more generous Feed in Tariff. Renewable energy revenues will be reported in financial year end 31 March 2012 and backdated to 1 April 2010. Headline performances include a cumulative solar energy generation approaching 255 MWh and a cumulative total renewable energy generation of 398 MWh since the first installation at the end of financial year to 31 March 2008.

4.7 Store Waste Management

In May 2011 we changed our waste contractor to Severnside Recycling, who recycle and manufacture cardboard in addition to providing standard waste collection services. In the financial years 2009 and 2010, the waste volume was estimated from the number of bin lifts and volume of bins. The volume in 2009 was 4,369 m³ and 4,380 m³ in 2010.

Estimates of Store Non Hazardous Bulk Waste Volume

Year	2009	2010	**2011**	% Change
Tonnage of store waste (t)	–	–	**266**	–
Percentage further sorting and landfill (%)	–	–	**28%**	–
Percentage for direct recycling (%)	–	–	**72%**	–
Number of stores	54	60	**62**	3.3%
Tonnage of waste per store	–	–	**4.3**	–

From May 2010, store waste has been sorted on site into mixed dry recyclables (MDR), 'mixed papers' and 'general waste'. Due to the change in waste contractors we can estimate twelve months total waste based on the eleven months data (244t) from May 2010 to the year ending 31 March 2011. However, from 2011/12 onwards we will be able to measure our tonnage and recycling percentage more accurately for future years in this report. During the last 11 months, 72% of the total tonnage of store waste was sent directly for recycling with a further 1% of mixed papers sent for recycling. A further 28% was sent for further sorting and / or landfill.

4.8 Store Water Use

We have been monitoring store water use for our staff kitchens, WCs and customer WCs.

Estimates of Store Water Volume Use

Year	2009	2010	**2011**	% Change
Number of stores open	54	60	**62**	3.3%
Estimated average volume used (m^3)	12,502	13,890	**14,353**	3.3%

In preparation for future commercial building Water Performance Certificates (WPCs) we aim to improve our measurement of water use. New stores have low flow aerated taps and showers and duel flush WCs. Five stores have rainwater harvesting systems (Sutton, Barking, Merton, Liverpool and Sheffield) and supply water for WC flushing and irrigation for enhanced landscape areas with green walls and trees.

5. STORE DESIGN AND CONSTRUCTION

Our High Wycombe store has a 'Green' roof and timber clad walls adjacent to the River Wye, where the banks have been enhanced with wildlife and habitat features such as log piles and bird boxes. The front reception boundary area is enhanced with a variety of formal landscape species.

Our Camberley store required a large capacity sustainable urban drainage system ("SUDS") installed to reduce the risk of local flooding from the River Blackwater. Landscaped areas have been increased and enhanced with hundreds of plant species. Internally, we are trialling energy efficient LED lighting and have a solar PV installation on the store roof.

The tables below summarises the environmental performance improvement features of our most recent stores developments:

Improvements in Sustainable Development & Eco-Efficient Store Operations 2007 – 2011

Store	Motion Sensor Lighting	Energy Efficient Lighting	Renewable Energy	Green Travel Plans	Rain Water Harvesting	Green Roofs	Improved Ecology
1. Sutton(1)	✓	–	–	–	✓	✓	✓
2. Barking(2)	✓	–	✓	–	✓	✓	✓
3. Ealing	✓	–	–	–	–	–	✓
4. Balham(3)	✓	–	✓	✓	–	–	✓
5. Fulham(3)	✓	–	✓	✓	–	✓	✓
6. Merton(4)	✓	–	✓	–	✓	–	✓
7. Kennington(3)	✓	✓	✓	–	–	–	✓
8. Sheffield Hillsborough	✓	✓	–	–	–	✓	✓
9. Sheen(5)	✓	✓	✓	✓	–	–	✓
10. Bromley(3)	✓	✓	✓	–	–	–	✓
11. Birmingham	✓	✓	–	✓	–	–	✓
12. Liverpool	✓	✓	–	–	✓	–	✓
13. Twickenham(6,7)	✓	✓	✓	–	–	–	✓
14. Edinburgh(6)	✓	✓	✓	–	–	–	✓
15. Nottingham(6)	✓	✓	✓	–	–	–	✓
16. Poole	✓	✓	–	–	–	–	✓
17. Sheffield Bramall Lane	✓	✓	–	–	✓	–	✓
18. Reading(5)	✓	✓	✓	–	–	–	✓
19. High Wycombe	✓	✓	–	–	–	✓	✓
20. Camberley(6)	✓	✓	✓	✓	–	–	✓

(1) Green wall
(2) Wind turbine
(3) Solar panels and Ground Source Heat Pumps
(4) Solar panels and wind turbine
(5) 'Excellent' Building Research Establishment Environmental Assessment Methodology (BREEAM) Rating
(6) Solar panels only
(7) Net zero carbon Energy Performance Certificate

5.1 Energy Performance Certificates ("EPC")

Since October 2008, EPCs are required for all commercial buildings. They record how energy efficient the property design is and allow investors, buyers and tenants to see a predicted carbon emission figure so they can consider energy costs and future efficiencies. Our High Wycombe store has been certified at one level above the expected energy efficiency benchmark for new buildings (Reception area = 50 kg CO_2/m^2 emissions). Our Camberley store is two levels above the expected energy efficiency benchmark for new buildings (Reception area = 20 kg CO_2/m^2 emissions).

5.2 The Considerate Constructors Scheme ("CCS")

Our construction sites are monitored against the Code of Considerate Practice providing guidelines that are beyond statutory requirements. Areas of management performance include the environment, the workforce and the general public. Points can be gained by site workers for: being considerate; protecting the environment; maintaining cleanliness; being a good neighbour; respectability; safety; responsiveness; and accountability. CCS auditors visit our construction sites and assess performances out of a maximum score of 40 points. Reports are then sent to the Construction Director and CSR Manager for review and actions if required.

Considerate Constructors Scheme Performance

Year	2009	2010	**2011**	2011 Target
Number of Construction Projects on site	6	7	**6**	–
Percentage of Registered Sites > UK average*	77.8%	81.8%	**88.8%**	–
Average Points Score For All Sites	30.8	32.1	**31.3**	31.5

Compliance with the schemes code is achieved at 24 points and the UK average score of all registered sites is 31 points. Out of 6 sites, 5 scored above the UK average of 31 points. We exceeded our average points score target set for 2011 (30 points). Our Camberley store shell construction stage achieved 35.5 points, a certificate for Performance 'Beyond Compliance' and was ranked in the top 10% of construction companies in the UK and will be reviewed for the CCS National Awards Scheme.

5. STORE DESIGN AND CONSTRUCTION (continued)

5.3 Construction Waste Management

Big Yellow Construction achieves high percentages of waste recycling at the 'fit-out' stages of new stores with minimal waste taken to landfill. Timber, top soil, cardboard, plasterboard, plastics and smaller amounts of metals (<1%) are in demand for recycling or supplier 'take back'. A waste data study for eleven construction sites in financial years 2009 and 2010 indicated typical recycling rates approaching 100% (CSR Report 2010). An average volume of 335 m^3 per site of general waste and 38 m^3 plasterboard 'supplier take back' per site, is typical. Total annual waste volumes for five to six stores are under 2,000 m^3 per year, just under half of that compared with store waste. This waste excludes demolition and shell construction waste. Big Yellow Construction has sourced a specialised recycling contractor with a large scale recycling plant for site clearance, demolition and ground work phases of construction which is on trial at our Chiswick development.

6.0 HEALTH AND SAFETY

The Health and Safety Policy covers our wholly owned stores, partnership stores and managed stores. Construction health and safety data is recorded in weekly site meeting minutes. Facilities Management record health and safety incidents for all stores directly on to spreadsheets. A Health and Safety Committee, made up of the Operations Director, Construction Director, Head of Facilities and the Property Director, reviews performance on a quarterly basis and the Board receives bi-monthly departmental reports which highlight any relevant health and safety issues recently experienced.

6.1 Store Customer and Visitor Health and Safety

Year	2009	2010	**2011**
Total number of customers (by move-ins)	36,868	41,781	**51,049**
Minor Injuries	75	53	**41**
Reportable Injuries	–	1	**–**
RIDDOR* per 100,000 customers	–	2.39	**–**

* RIDDOR = Reporting of Injuries, Diseases and Dangerous Occurrences Regulation 1995

This year we restate our number of customers (by move-ins) and RIDDOR performance to take into account our managed store customers. There were no fatal injuries, notices or prosecutions and no Reportable Injuries. Minor Injuries reduced for the second consecutive year by 22.6% and were predominantly related to the handling of their own personal possessions by customers.

6.2 Store and Main Office Staff Health and Safety

Year	2009	2010	**2011**
Average Number of Staff	239	252	**273**
Minor Injuries	39	16	**19**
Reportable Injuries (RIDDOR)	1	1	**1**
Annual Injury Incidence Rate (AIIR) per 100,000 staff	418	397	**366**

No fatal injuries, notices or prosecutions occurred. Staff numbers increased for the second consecutive year (by 8.3%). One reportable injury occurred but the Annual Injury Incidence Rate (AIIR) reduced by 7.8%.

6.3 Construction Fit Out Stage Health and Safety

Year	2009	2010	**2011**
Total Man Hours	9,980	12,071	**6,431**
Minor Injuries	7	2	**1**
Reportable Injuries (RIDDOR)	–	–	**1**

No fatal injuries, notices or prosecutions occurred. There was one reportable Injury due to a fall and minor injuries reduced, indicating a well controlled environment for staff and contractors on site. Health and safety awareness has been raise by the Considerate Constructors Scheme, site induction training and weekly reporting.

CSR PROGRAMME FOR 2011/12

The CSR programme continues to focus on carbon reduction, renewable energy generation and waste reduction. Last year we completed registration to the Carbon Reduction Commitment, installed 22 Smart Meters to monitor real time energy use on non half hourly meters and started the process of renewing our Carbon Trust Standard certification. This year our strategy, programmes, objectives and targets are highlighted in the table below.

Strategy	Programmes	Objectives / Targets (2011)
The Carbon Reduction Commitment (CRC)	Submit Carbon Footprint, Annual report and Evidence Pack to the Environment Agency by July 2011.	To achieve a position in the upper half of the CRC league table.
The Carbon Trust Standard (CTS)	Maintain CTS certification to increase energy efficiency initiatives in the long term.	Certification by September 2011.
Energy Efficiency	To continue store energy efficient T5 re-lamping, adaptor and motion sensor zoning improvements.	Progress from 41% to 57% completion.
Renewable Energy Revenues	To increase new solar PV installation capacity up to 50 kWp where viable and to increase renewable energy as a percentage of store energy use.	Increase renewables percentage to 1.3% and Feed in Tariff revenues by 10%.
Energy Performance Certificates (EPCs)	To achieve carbon emission ratings on new stores better than the UK average on existing and new stock.	Certificate ratings > average new build of a similar design.
Store Waste Recycling	Acquire the first full financial year of total store waste tonnage and recycled percentages.	A reduction in waste tonnage and increases in recycling %.
Store Water Use	Acquire more accurate water volume monitoring and measurement from our suppliers.	Establish significance water use environmental impact.

More details of CSR policies, previous reports and awards can be found on our investor relations web site at bigyellow.hemscottir.com/csr.

Independent assurance statement by Deloitte LLP to Big Yellow Group PLC on their Corporate Social Responsibility Report 2011 (“the Report”)

Scope of our work

Big Yellow Group PLC engaged us to perform limited assurance procedures for the year ended 31 March 2011 on the following subject matters:

Carbon footprint indicators:

- Store electricity emissions (tCO_2)
- ‘Fit out’ diesel and electricity emissions (tCO_2)
- Store flexi-office gas emissions (tCO_2)
- Absolute carbon dioxide emissions (tCO_2)

Store electricity use, CO_2 emissions and carbon intensity:

- Electricity use (kWh)
- Absolute carbon emissions (tCO_2)
- Carbon intensity (Kg CO_2/m^2 gross internal area)
- Carbon intensity (Kg CO_2/m^2 occupied space)

Renewable energy generation and CO_2 emissions reduction:

- Total renewable energy (kWh)
- Carbon dioxide saved by renewable energy (tCO_2)
- Renewable energy percentage of total energy use

Considerate Constructors Scheme:

- Number of construction projects
- Percentage of registered sites > UK average
- Average points score for all sites

Staff health and safety:

- Average number of employees
- Minor Injuries
- Reportable injuries (RIDDOR)
- Annual Injury Incidence rate (AIIR) per 100,000 staff
- Notices

Assurance process and standard

We carried out limited assurance in accordance with the International Standards on Assurance Engagements 3000 (ISAE 3000). To achieve limited assurance ISAE 3000 requires that we review the processes and systems used to compile the areas on which we provide assurance. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls. This provides less assurance and is substantially less in scope than a reasonable assurance engagement.

The evaluation criteria used for our assurance are the Big Yellow Group definitions and basis of reporting as described at: bigyellow.hemscottir.com/csr

Key procedures

Considering the risk of material error, our multi-disciplinary team of CSR assurance specialists planned and performed our work to obtain all the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion. Our work was planned to mirror Big Yellow Group’s own group level compilation processes, tracing how data for each indicator within our assurance scope was collected, collated and validated by corporate head office and included in the Report.

Key procedures we carried out included:

- Gaining an understanding of Big Yellow Group’s systems through interview with management responsible for CSR management and reporting systems at head office
- Reviewing the systems and procedures to capture, collate, aggregate, validate and process source data for the assured performance data included in the Report

Independent assurance statement by Deloitte LLP to Big Yellow Group PLC on their Corporate Social Responsibility Report 2011 ("the Report") (continued)

Our conclusion

Based on the assurance work we performed, nothing has come to our attention that causes us to believe that the selected CSR performance indicators are materially misstated.

Responsibilities of Directors and independent assurance provider

Responsibilities of Directors

The Directors are responsible for the preparation of the Corporate Social Responsibility Report 2011, including the implementation and execution of systems to collect required CSR data.

Deloitte's responsibilities

Our responsibility is to independently express a conclusion on the performance data for the year ended 31 March 2011. We performed the engagement in accordance with Deloitte's independence policies, which cover all of the requirements of the International Federation of Accountants (IFAC) Code of Ethics and in some cases are more restrictive. We confirm to Big Yellow Group PLC that we have maintained our independence and objectivity throughout the year, including the fact that there were no events or prohibited services provided which could impair that independence and objectivity in the provision of this engagement.

This report is made solely to Big Yellow Group PLC in accordance with our engagement letter. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Big Yellow Group PLC for our work, for this report, or for the conclusions we have formed.

Deloitte LLP
London, United Kingdom
23 May 2011

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report for the year ended 31 March 2011.

Principal Activity

The principal activity of the Company and its subsidiaries is the provision of self storage and related services.

The subsidiary and associated undertakings principally affecting the profit and net assets of the Group in the year are listed in note 29 of the financial statements.

Review of Business

A detailed account of the Group's progress during the year and its future prospects is set out in the Chairman's statement on pages 8 to 9. A detailed Business Review and Financial Review have been prepared and are set out on pages 22 to 39, and more specifically as follows:

- the business objectives and strategy is set out on page 27;
- the financing objectives are set out on page 28;
- the principal risks and uncertainties within the business are set out in the Risk Management section on page 28; and
- the key quantitative and qualitative performance indicators are included within the Highlights (see page 2), Portfolio Summary (see page 40) and Financial Review (see page 34).

The Chairman's statement, the Business Review, the Financial Review and the Corporate Social Responsibility Report are incorporated by reference into the Directors' Report.

Financial Instruments

The financial risk management objectives and policies of the Group, along with any details of exposure to any liquidity and cash flow risk are set out in the Business Review on page 29, and notes 2 and 18 to the financial statements.

Results and Dividends

The consolidated statement of comprehensive income is set out on page 73 of the financial statements.

The Directors are recommending the payment of a final dividend of 5 pence per share for the year (2010: 4 per ordinary share). An interim dividend of 4 pence per share was paid in the year (2010: nil). A property income dividend of 4 pence is payable for the year, of which 2 pence per share was paid with the interim dividend, and 2 pence per share was proposed for the final dividend.

Subject to approval by shareholders at the Annual General Meeting to be held on 18 July 2011, the final dividend will be paid on 20 July 2011 to shareholders on the Register on 10 June 2011.

Share Capital

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 22. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 23.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Combined Code, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Corporate Governance Report on page 42.

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company such as commercial contracts, bank loan agreements, property lease arrangements and employees' share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, the Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

During the year the Company issued 69,685 shares to satisfy the exercise of share options (2010: 2,759,296).

Directors and their Interests

The Directors of the Company who served throughout the year (except as noted) and to the date of approval of the financial statements were as follows:

Philip Burks
Tim Clark
James Gibson
Steve Johnson (appointed 24 September 2010)
Adrian Lee
Mark Richardson
Jonathan Short
John Trotman
Nicholas Vetch

Details of the interests of the Directors in the shares of the Company are set out in the Report on Directors' Remuneration on pages 68 to 69. No changes took place in the interests of the Directors between 31 March 2011 and 23 May 2011.

Biographical details of the Executive and Non-Executive Directors are set out on page 71.

Reappointment of Directors

The Directors listed above constituted the Board during the year.

Following a performance appraisal process, the Board has concluded that the Directors retiring by rotation are effective, committed to their roles and should continue in office.

All of the Directors will retire in accordance with the UK Corporate Governance Code and will offer themselves for re-election at the Annual General Meeting.

The biographies of all Directors standing for re-election are included on page 71.

Directors' and Officers' Liability Insurance

The Company purchases liability insurance covering the Directors and officers of the Company and its subsidiaries.

Payment of Suppliers

The policy of the Group is to settle supplier invoices within the terms of trade agreed with individual suppliers. Trade creditor days of the Group for the year ended 31 March 2011 were 24 days (2010: 28 days). This represents the ratio, expressed in days, between the amounts invoiced to the Group by its suppliers in the year and the amounts due, at the year end to trade creditors within one year.

Properties

The changes in investment and development property during the year and details of property valuations at 31 March 2011 are shown in notes 13a and 14 to the financial statements. Further commentary on our investment property portfolio is contained in the Financial Review.

Donations

Charitable donations totalling £25,000 (2010: £17,000) were made to UK resident charities in the year. The Group also provided free storage to charities during the year worth £400,000 (2010: £277,000).

No political donations were made in either year.

The Group encourages employee involvement in charitable giving and frequently matches any amounts raised by individuals. Key management have been allocated budgets to support local charitable causes and the community.

Substantial Shareholdings

On 23 May 2011, the Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency rules, of the following voting rights as a shareholder of the Company.

	No. of ordinary shares	Percentage of voting rights and issued share capital
Directors	18,333,756	13.99%
Blackrock inc	6,581,933	5.02%
Axa SA	6,578,222	5.02%
BNP Paribas Investment Partners SA	6,316,133	4.82%
Morgan Stanley Invs Mgmt Ltd	5,731,207	4.38%

Employees

Adrian Lee, Operations Director, has responsibility to the Board for all employee matters.

The Group seeks to ensure employee commitment to its objectives in a number of ways. Strategic changes are communicated directly to all staff who are encouraged to address queries to the Executive Directors. The Directors' Executive meetings are held in stores frequently and in addition Directors and senior management visit the stores on a regular basis. Furthermore, there are regular team briefings at store level to provide employees with information about the performance of and initiatives in their store. A wide range of information is also communicated across the Group's Intranet, including the e-publication of the Group's financial results and all press releases, the publication of a quarterly newsletter, and the publication of a weekly operations bulletin. The Group carries out annual surveys of employee satisfaction.

Employees are encouraged to participate in the Group's performance through Employee Share Schemes and performance related bonuses.

Customer service is a key priority of the Group and this is achieved through recruiting good people and investing in training and development leading to high levels of retention. The Group's recruitment policy is committed to promote equality, judging neither by race, nationality, religion, age, gender, disability, sexual orientation, nor political opinion and to treat all stakeholders fairly.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Health and Safety

The Board recognises the importance of maintaining high standards of health and safety for everyone who may be affected by our business.

The Group's Health and Safety policy is reviewed on an ongoing basis. It is applied in two distinct areas – construction and operations. The policy states that all employees have a responsibility for health and safety but that managers have special responsibilities. Additional duties are placed on Adrian Lee, Operations Director, to keep the Board advised on health and safety issues, compliance with the policy in respect of construction activity and store operations respectively.

The Group has a Health and Safety Committee, which meets quarterly and comprises Adrian Lee and appointed managers. They meet to discuss any issues that have been reported from meetings held at head office and the stores, and any construction sites.

In addition, the Group has appointed an external consultant to review policy and perform audits of stores on a rolling programme to ensure the implementation of the Group's Health and Safety policies. Health and Safety audits are also carried out by external consultants on each construction site prior to the opening of a store.

A review of health and safety for the year is included within the Corporate Social Responsibility Report on pages 49 to 56.

Annual General Meeting

The notice for the 2011 Annual General Meeting is distributed as a separate document. The meeting will be held at 20 Moorgate, London, EC2R 6DA on 18 July 2011.

Auditors

In respect of each Director of the Company, at the date when this report was approved, to the best of their knowledge and belief:

> so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

> he has taken all the steps that he might have reasonably been expected to take as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors

and signed on behalf of the Board

Shauna Beavis
Secretary
23 May 2011

Remuneration Report

Introduction

This report has been prepared in accordance with Schedule 8 to the Accounting Regulations under the Companies Act 2006. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to Directors' remuneration in the Combined Code. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

The Act requires the auditors to report to the Company's members on certain parts of the Directors' Remuneration Report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Accounting Regulations. The report has therefore been divided into separate sections for audited and unaudited information.

Unaudited Information

Remuneration Committee

The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the Combined Code. The members of the Committee at the year end were Tim Clark, Steve Johnson, Mark Richardson and Jonathan Short, who are all independent Non-Executive Directors. The Committee is chaired by Tim Clark.

None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business. The Committee makes recommendations to the Board. In making these recommendations, the Committee consults with the Executive Chairman, Nicholas Vetch, about his proposals, on a range of matters relating to the remuneration of the Executive Directors including the levels of overall remuneration, salary and bonus, and awards and distributions under the share incentive and bonus plans.

Remuneration Policy

Executive remuneration packages are designed to attract, motivate and retain Directors of the high calibre required and to reward them for enhancing value to shareholders. Individual remuneration packages are structured to align rewards with the performance of the Company and the interests of the shareholders. The main principles are to:

> ensure that salaries are set at a market competitive level by benchmarking against appropriate external comparators;

> support a high performance culture by rewarding upper quartile performance with upper quartile reward;

> maintain a balance of fixed and performance related pay which delivers appropriate rewards over the short, medium and longer term, with an increasing emphasis on longer term rewards based on shares;

> align long term rewards with shareholder returns by expecting Directors to hold at least 50% of the shares vesting under these plans until a minimum shareholding has been achieved. The shareholding is expected to be at least 1 times salary for Executive Directors; and

> ensure that the overall package reflects relevant market practice and takes account levels of remuneration elsewhere in the Group.

The performance measurement of the Executive Directors and the determination of their annual remuneration package is undertaken by the Committee in consultation with the Executive Chairman, save for discussions on his remuneration package. No Director is involved in setting his own remuneration. The remuneration of the Non-Executive Directors is determined by the full Board.

The 2011 remuneration package is not considered to be above market levels for comparable companies.

There are currently five main elements of the remuneration package for Executive Directors and senior management:

Element	Purpose	Operation
Salary	To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Company.	Reviewed every twelve months and benchmarked against appropriate market comparators. Linked to individual performance and contribution.
Annual head office bonus	To incentivise achievement of annual objectives which support the short to medium term strategy of the Company and applies across the head office team.	The bonus is based on the Company's key performance indicators plus individual targets.
Long term incentive plan	To incentivise Executives to achieve superior returns to shareholders over a three year period. To retain key individuals in the medium term and align rewards with shareholder returns.	Share awards are made annually to senior executives and other senior management and are based on a combination of TSR and EPS targets over a three year period.
Long term bonus performance plan	To ensure that the total remuneration package is more competitive and supports the Company's strategy and its ability to react to changing economic circumstances. To retain key individuals in the medium term and align rewards with shareholder returns.	Three year award, based on a series of financial and non-financial targets aligned with the annual business plan to bring salary more in line with market.
Pension	Provide competitive post retirement benefits.	All executives receive a fixed contribution to their personal pension plans.

Remuneration Policy (continued)
Each component of Executive remuneration is explained below.

1. *Basic salary*
   Basic salary is determined by the Remuneration Committee at the beginning of each year and when an individual changes position or responsibility. Appropriate salary levels are set by reference to the performance, experience and responsibilities of each individual concerned and having regard to the prevailing market conditions. Executive Directors' contracts of service which include details of remuneration will be available for inspection at the Annual General Meeting. Salaries are reviewed annually with changes taking effect on 1 April each year, taking into account individual performance, market data and levels of increases applicable to other employees in the Company.

   The salaries for the Executive Directors for the financial years beginning on 1 April 2010 and 2011 are as follows:

Director	1 April 2011	1 April 2010	% increase
James Gibson	£267,900	£262,600	2%
Nicholas Vetch	£244,300	£239,450	2%
Adrian Lee	£198,300	£194,400	2%
John Trotman	£150,000	£135,000	11%

   The salary increase for John Trotman reflects his progress in his role, although it should be noted that his salary is still, in the view of the Committee, below market levels.

2. *Annual head office bonuses*
   Executive Directors participate in the Company's annual head office bonus arrangements which were originally established in 2000. There is no separate annual bonus plan for Executive Directors. Bonuses are discretionary and are performance related. They are assessed annually, determined by the Remuneration Committee and based on corporate performance during the year. The bonus arrangements are structured so as not to encourage inappropriate risk taking. The bonuses are directly linked to the Group's profit and operating cash flow performance. There is no deferrable element of the bonus, and it is non pensionable. The maximum bonus potential is 25% of annual basic salary.

   The Committee approved the payment of a head office bonus of 10% of basic salary for the head office staff, including the Executive Directors, for the year ended 31 March 2011. The bonus paid to the Executive Directors for the last 5 financial years are shown in the table below:

Year ended	Bonus payment
31 March 2011	10%
31 March 2010	10%
31 March 2009	Bonus waived by the Directors
31 March 2008	10%
31 March 2007	15%

3. *Pension arrangements*
   Pension contributions of 10% of basic salary are paid into a personal pension plan for each Director.

4. *Share incentives*
   Long Term Incentive Plan (the "LTIP")
   Approval was granted by shareholders at the 2004 Annual General Meeting for a Long Term Incentive Plan.

   The Remuneration Committee has determined that an incentive plan using an award of nil-priced options is the most appropriate way to provide a competitive and market-related long term equity opportunity.

   The principal reasons for the Remuneration Committee favouring the use of nil-priced options are:

   > the greater alignment of Executive reward with shareholder interests; and

   > the reduced volatility of nil-priced options to general share price movements.

   Participation in the LTIP is only available to Executive Directors and selected senior management.

   Awards are made under the LTIP on an annual basis. The first awards under the LTIP to Directors were made in June 2005 providing incentives for the period between 2005 and 2008.

   Individual grants of options to Executive Directors since the inception of the LTIP scheme have been determined by the Committee. All awards to date have been approved by shareholders, through approval of the Company's Remuneration Report.

   In respect of the current year and in all future grants to Executive Directors, it is intended that the maximum annual grant of awards will not exceed 100% of a participant's annual base salary, except where the Committee considers there to be exceptional circumstances which justify an award above this limit.

Remuneration Policy (continued)

4. *Share incentives (continued)*

The Committee awarded options under the LTIP at a level of 100% of salary in 2010. This remains at the lower end of the market, particularly in light of salary levels for the Executive Directors. For 2011, it is proposed that the awards made to Nicholas Vetch and James Gibson will be equal to 100% of their individual salaries. The awards for Adrian Lee and John Trotman will be apportioned equally between them to an aggregate value of 100% of their combined salaries.

The most recent awards are shown in the table below:

Director	2010 grant	2009 grant	2008 grant	2007 grant
James Gibson	86,419	76,200	60,000	166,666
Nicholas Vetch	78,801	69,500	55,000	133,333
Adrian Lee	63,975	42,300	45,000	50,000
John Trotman	44,427	27,800	29,000	21,750

The number of ordinary shares issuable pursuant to awards granted under this LTIP and all other employee share schemes adopted by the Company may not be more than 10% of the ordinary share capital in any ten year period.

Any award under the LTIP that does not vest at the end of the specified performance period will lapse.

The extent to which awards granted under the LTIP vest and become exercisable is determined by reference to the Company's total shareholder return ("TSR") relative to a comparator group. The level of vesting is set out below:

Total Shareholder Return Performance Level	Amount of Award Vesting %
Upper Quartile	Full vesting (100%)
Median to Upper Quartile	Pro rata vesting on a straight line basis (0 to 100%)
Median and below	Nil

The LTIP vesting is also subject to the adjusted earnings per share ("EPS") growth over three years exceeding inflation. This EPS underpin target must be satisfied before any part of the LTIP award can vest.

For awards made in 2005, 2006 and 2007, the Committee selected the companies in the FTSE All Share Index as the comparator group because they enable the Company's performance to be compared to a broad index that reflects the corporate performance of UK companies. The Committee reviewed the relevance of this comparator group in 2008. It was noted that the performance of the index was heavily influenced by the financial, energy and pharmaceutical sectors and as a result had less relevance to the financial performance of the Company. The Committee therefore concluded that the performance of companies in the FTSE Real Estate Index was a more relevant benchmark of the Company's performance. As a result, the LTIP awards made in 2008, 2009 and 2010 are, and the proposed awards for 2011 will be, based on the performance of the Company compared to companies in the FTSE Real Estate Index. The Committee employs a third party to report to it on whether the performance targets in respect of TSR have been met.

The Committee has considered these reports on the performance of the 2005 and 2006 LTIP option grants and determined that the criteria have been met, and the awards have therefore vested. In 2005 the Company's TSR performance was 75th out of 574 companies, and in 2006 the Company's TSR performance was 96th out of 499 companies. The 2007 awards did not vest and have therefore lapsed.

The Committee reserves the right to vary the Performance Condition for future grants provided that in its reasonable judgment the new targets are no less challenging in the light of the Company's business circumstances and its internal forecasts.

The Committee has been advised that zero vesting for median performance is below the market average for comparable companies but there are currently no plans to change this.

Sharesave Scheme

The Group's Sharesave Scheme is open to all UK employees (including Directors) with a minimum of six months' service and meets UK HMRC approval requirements, thus enabling all eligible employees the opportunity to acquire shares in the Company in a tax efficient manner.

The Long Term Bonus Performance Plan

Background

The Committee believes a key strength of the Executive team has been its ability to react quickly to changing market conditions, revising business strategy and direction as needed. This can be illustrated by the Pramerica joint venture at the end of 2007 and the successful early refinancing in 2008 of facilities due to expire in 2010.

The Committee received external benchmarking advice from PricewaterhouseCoopers LLP in 2009. The benchmarking advice received by the Committee concluded that overall remuneration of the Executive Directors was at the lower end of market practice and in some areas significantly behind the market.

The Committee continues to believe it has the right Executive team in place to take the business forward but is concerned to ensure that they remain incentivised and locked in to the business through a competitive total remuneration package.

The Committee therefore concluded that the best way to achieve this, whilst as far as possible minimising any additional cash cost to the Group, was to introduce a new performance based plan, the Long Term Bonus Performance Plan (the "Plan" or the "LTBPP"). The Committee instructed PricewaterhouseCoopers LLP to work with it to implement the Plan. Shareholders approved the Plan at the Company's Annual General Meeting in July 2009.

Remuneration Policy (continued)

4. *Share incentives (continued)*

   Mechanics

   1) *Summary*

   The Plan is structured as a share plan and operates in a similar way to a deferred bonus. Awards are subject to performance over a three year period during which the value accruing to participants can be clawed back. Participants will be partly or wholly rewarded in shares with any shortfall delivered in cash. Cash shortfall payments under the Plan cannot exceed 50% of any total payout due and at least 50% of any payout will be in shares and will be subject to a further lock in. Further detail is provided below.

   2) *Nature of interests and performance conditions*

   Under the Plan, the Executive Directors have been awarded restricted interests in ordinary shares in the Company. The interest entitles a participant to benefit from the growth in the value (if any) of a number of ordinary shares in the Company over which the interest is acquired. The participant's interest is capped at growth in value of £2.00 per share measured from the share price at the date of award. Vesting of interests will be subject to performance conditions. The Committee sets a range of performance conditions each year, both financial and non-financial, which are based on the business plan. Total shareholder return is not used; this will remain the measure for LTIP awards. The Committee annually identifies suitable indicators of future performance against which Executive Directors should be measured. The Committee then sets the performance targets for the Plan, on the basis of business needs and priorities it has identified. At the end of each year, the Committee indicates the extent to which interests have provisionally vested under the Plan on the basis of the performance targets which have been set. The Committee has the right to adjust targets and, where appropriate, introduce new targets if business needs change.

   Where appropriate the Committee may claw-back any awards that have already provisionally vested if subsequent performance during the three year period is below the targets. Interests under the Plan will not vest until the end of the three year performance period and nothing will be paid out within this three year period other than in exceptional circumstances (eg a good leaver).

   The Committee feels the flexibility in the Plan allows it to adapt to a rapidly changing environment. It will also ensure that any gain made by the Executive Directors is commensurate with their performance over the period and the financial and other performance of the Company. The Plan should avoid the disadvantage inherent in many longer term incentive arrangements, namely being constrained by performance measures set at the outset which subsequently can prove to be out of step with the objectives of the business.

   3) *Vesting*

   If the performance conditions are satisfied and the awards vest, shares will be transferred to the Executive Directors equal to the growth in value of the shares under award (subject to the £2.00 cap on growth in value). If there is insufficient value in these share interests to deliver the required payout, the Executive Directors will first be entitled to exercise an option to acquire further shares to make up the shortfall, and if this is still insufficient to deliver the required payout, a top-up cash payment will be made. However, any cash payment cannot exceed 50% of the overall payment due to the Executive Directors.

   The maximum payout in shares and cash to the Executive Directors as a whole at the end of the three year period will be up to a total of £3 million. Based on current salary levels, this represents a maximum potential reward for each Executive Director of circa 110% of salary for each performance year.

   The awards that were approved at the Annual General Meeting in July 2009 were as follows:

Director	Number of shares in which Director has an interest	Maximum value of award after three years
James Gibson	500,000	£1,000,000
Nicholas Vetch	500,000	£1,000,000
Adrian Lee	250,000	£500,000
John Trotman	250,000	£500,000

   As noted above, any payout will be delivered in shares as far as possible. Shares equal to 50% of the value of any payout (after permitted sales to meet tax liabilities) will be subject to further restrictions. The Executive Directors will be required to hold half of these shares for a further year following vesting and the other half for a further two years, less those sold to pay tax. During this holding period, the Executive Directors will not be entitled to sell their shares. This ensures that the rewards of the Executive Directors and shareholders remain aligned for up to five years.

   The performance targets for the LTBPP are not disclosed for the year ahead, given the commercially sensitive nature of a number of the targets. The Committee reports on their assessment of the key prior year targets, excluding any that are still commercially sensitive, and whether or not management has been able to meet these targets. The report on the targets for the year ended 31 March 2010 was included in the annual report for that year. The report on the targets for the year ended 31 March 2011, which were not amended during the financial year, is summarised in the table overleaf.

Remuneration Policy (continued)

Objective	Committee Comment
Grow the Group's annualised free cash flow from £21 million at 31 March 2010 to £25.5 million at 31 March 2011.	The Group's annualised cash flow at 31 March is £24.8 million.
Continue to work with HSH Nordbank AG on syndicating the core banking facility – aim to bring at least one further bank into the syndicate by March 2011.	Santander joined the facility in March 2011, taking an initial participation of £25 million.
Continue to develop relationship with HSBC, with the aim that they increase their participation to at least £50 million in the Group facility.	HSBC increased their participation in the Group's core banking facility by £25 million to £50 million in the year. They also increased their participation in the Big Yellow Limited Partnership facility by £15 million to £30 million.
Grow established store occupancy over the summer to 72% and recover it to ahead of this level at March following the normal winter slowdown.	The established store occupancy peaked at 74.5% over the summer. At 31 March 2011, it was 71.1%.
Grow occupancy of all wholly owned stores from 55.7% at 31 March 2010 to 60% by 31 March 2011.	Wholly owned store occupancy peaked at 61% during the summer. At 31 March 2011, it was 59.3%.
Grow net rent per sq ft in the wholly owned stores from £26.85 per sq ft to in excess of £27.75 per sq ft by the end of the financial year.	Net rent per sq ft across the wholly owned stores at 31 March 2011 was £26.78 per sq ft. Over 2010/11, aggressive offers and promotions were used to support occupancy growth.
Meet budgeted revenue and profit targets.	Profit for the year ended 31 March 2011 was £20.2 million, ahead of the budget of £19.1 million; revenue was £61.9 million, slightly behind the budget of £63 million.
Meet or exceed the recurring profit before tax targets of the average consensus of the analyst community.	The consensus of the analyst community was £19.8 million. Recurring profit for the year is £20.2 million.
Comply with all banking covenants and maintain income cover comfortably in excess of two, and maintain a net worth in excess of £500 million.	All covenants have been met throughout the year. Group income cover at 31 March 2011 was 2.8 times. Net worth is £544.9 million.
Sell at least £6 million of the £25 million of surplus land in the current year, or two of the surplus sites.	The sale of Clapham North completed in March for £3.3 million. Agreement has been reached to sell Blackheath subject to planning consent. Strong expressions of interest have been received for the surplus site at Richmond where a Premier Inn Hotel is to be constructed.
Secure planning consent on the Chiswick and Stockport self storage developments and Richmond and Blackheath surplus land.	Planning consent was obtained at Chiswick in April 2010 for a landmark 75,000 sq ft self storage centre. Planning consent was obtained in April 2010 for a 60,000 sq ft self storage centre in Stockport. Planning consent was obtained in September 2010 for a hotel development at Richmond. The Blackheath planning consent was rejected at Committee in December. Appeal options are currently being pursued.
Maintain the Group's brand leadership to be measured by third party survey in September.	The September 2010 survey showed the Group's brand awareness at 80% in London and 46% throughout the UK, still three times ahead of our nearest competitor.

The other targets were met in all material respects. Following careful consideration of the performance targets and actual performance of the Group and the Executive Directors, the Committee has considered that the award in respect of the financial year ended 31 March 2011 has provisionally vested as to 85% of its potential amount for the year. The assessment made at 31 March 2010 was that the award for that year had vested to 85% of its potential amount. As highlighted above, this award is subject to clawback, and may also be adjusted upwards, in future years.

Directors' Contracts

It is the Company's policy that Executive Directors should have contracts with an indefinite term, providing for one year's notice. All Executive Directors have contracts which reflect this policy. If a contract is terminated at short notice, the Company has not waived any right which it may have at law to require the Executive Director to mitigate his loss although the Company is entitled (at its discretion) to pay the salary to which the Executive Director would otherwise be entitled, in lieu of notice.

The dates of the Executive Directors' agreements are as follows:

Nicholas Vetch	25 September 1998
James Gibson	25 September 1998
Adrian Lee	31 March 2000
John Trotman	25 September 2007

Non-Executive Directors

The Non-Executive Directors do not have service contracts with the Company. Their appointments are governed by letters of appointment which are available for inspection on request at the Company's registered office and which will be available for inspection at the Company's AGM. Each appointment is for a period of up to three years, usually to the date of the AGM at which a resolution to re-appoint the Director would next be put to shareholders, although the continued appointment of all Directors is considered on an annual basis. In addition, the appointment is terminable by either party giving notice of three months. Non-Executive Directors cannot participate in any of the Company's share options schemes and are not eligible to join the Company pension scheme.

The dates of appointment of the Non-Executive Directors are as follows:

Philip Burks	30 March 2007 (previously an Executive Director)
Tim Clark	1 August 2008
Mark Richardson	1 July 2008
Jonathan Short	16 February 2000
Steve Johnson	24 September 2010

External Appointments

The Executive Directors' contracts do not allow them to engage in any other business outside the Group except where prior written consent from the Remuneration Committee is received. The Company recognises that Executive Directors may be invited to become Non-Executive Directors of other companies and that this can help broaden the skills and experience of a Director. Executive Directors are normally permitted to accept external appointments with the approval of the Board and may retain the fees for this appointment.

Nicholas Vetch is a Non-Executive Director of Blue Self Storage S.L, a Spanish self storage business, and The Local Shopping REIT plc, a UK listed property business. He receives a Non-Executive fee of €38,000 per annum from Blue Self Storage S.L and £30,000 per annum from The Local Shopping REIT plc. James Gibson is a Non-Executive Director of AnyJunk Limited; he does not receive any fees for his services.

Non-Executive Directors' Remuneration

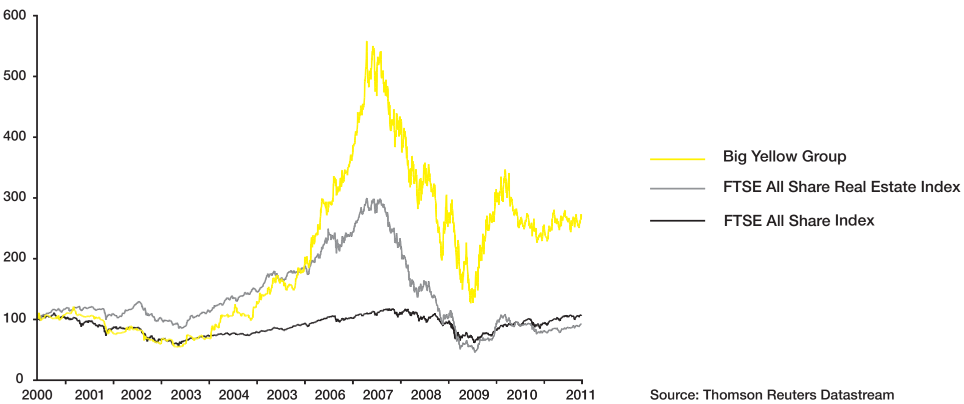
The remuneration of the Non-Executive Directors is determined by the Board taking into account independent surveys of fees paid to Non-Executive Directors of other similar companies. No further fees for work performed for the Group in respect of membership of the Remuneration, Nomination and Audit Committees are paid. Non-Executive Directors cannot participate in any of the Group's share option schemes or Long Term Incentive Plan and are not eligible to join the Group's pension arrangements. Philip Burks has legacy LTIPs from his time as an Executive Director.

Performance Graph

The Total Shareholder Return ("TSR") performance graph below sets out the comparison of the Company's TSR against the FTSE All Share Index and FTSE Real Estate Index.

TSR measures share price growth, with dividends deemed to be reinvested gross on the ex-dividend date, and the TSR is shown as the one month average on each day.

TSR Performance from Official Listing on 8 May 2000



Source: Thomson Reuters Datastream

Audited Information

Aggregate Directors' Remuneration

The total amounts for Directors' remuneration were as follows:

	2011 £	2010 £
Emoluments	**1,102,561**	1,051,740
Gains on exercise of share options	**–**	5,924,060
Money purchase pension contributions	**83,145**	80,786
	1,185,706	7,056,586

Directors' Remuneration

	Salary/fees £	Annual Bonus £	2011 Taxable benefits £	Sub total £	Pension £	2011 Total £	2010 Total £
Executive							
Nicholas Vetch	239,450	23,945	10,327	273,722	23,945	297,667	290,253
James Gibson	262,600	26,260	10,848	299,708	26,260	325,968	318,092
Adrian Lee	194,400	19,440	6,711	220,551	19,440	239,991	234,595
John Trotman	135,000	13,500	5,167	153,667	13,500	167,167	154,586
Non-Executive							
Tim Clark	38,250	–	–	38,250	–	38,250	37,500
Philip Burks	33,150	–	–	33,150	–	33,150	32,500
Mark Richardson	33,150	–	–	33,150	–	33,150	32,500
Jonathan Short	33,150	–	–	33,150	–	33,150	32,500
Steve Johnson*	17,213	–	–	17,213	–	17,213	–
Aggregate emoluments	986,363	83,145	33,053	1,102,561	83,145	1,185,706	1,132,526

* Appointed as Non-Executive Director on 24 September 2010

Directors' Interests

The interests of the current Directors in the ordinary share capital of the Company are shown below:

Ordinary shares of 10p each	At 31 March 2011 No.	At 31 March 2010 No.
Nicholas Vetch (including trusts)	**8,767,524**	8,767,524
Philip Burks (including trusts)	**6,120,849**	6,620,849
James Gibson (including trusts)	**2,418,119**	2,418,119
Adrian Lee (including trusts)	**889,267**	889,267
Jonathan Short	**100,471**	100,471
Mark Richardson	**15,263**	10,263
Tim Clark	**15,000**	15,000
John Trotman	**7,263**	7,263
Steve Johnson	**–**	–

None of the Directors had any direct interests in the share capital of any of the subsidiary undertakings of the Company in the year. The interests shown above exclude those shares over which the Directors have a partial interest in as part of the Group's Long Term Bonus Performance Plan as follows:

Ordinary shares of 10p each	At 31 March 2011 No.	At 31 March 2010 No.
Nicholas Vetch	**500,000**	500,000
James Gibson	**500,000**	500,000
Adrian Lee	**250,000**	250,000
John Trotman	**250,000**	250,000
Total	**1,500,000**	1,500,000

Directors' Share Options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. There were no share option exercises by Directors during the course of the year. During the prior year there were gains of £5.9 million made on the exercise of share options by the Company's Directors.

Options in respect of ordinary shares for Directors who served during the year are as follows:

Name	Date option granted	No. of shares under option at 31 March 2010	Granted during the year	Exercised during the year	Lapsed during the year	No. of shares under option at 31 March 2011	Exercise price	Market price at date of exercise	Date from which first exercisable	Expiry Date
Nicholas Vetch	13 July 2007	133,333	–	–	(133,333)	–	nil p	–	n/a	n/a
	9 July 2008	55,000	–	–	–	55,000	nil p	–	9 July 2011	9 July 2018
	3 August 2009	69,500	–	–	–	69,500	nil p	–	3 August 2012	3 August 2019
	12 July 2010	–	78,801	–	–	78,801	nil p	–	12 July 2013	12 July 2020
Philip Burks	6 June 2005	66,667	–	–	–	66,667	nil p	–	6 June 2008	6 June 2015
	9 June 2006	66,667	–	–	–	66,667	nil p	–	9 June 2009	9 June 2016
James Gibson	13 July 2007	166,666	–	–	(166,666)	–	nil p	–	n/a	n/a
	9 July 2008	60,000	–	–	–	60,000	nil p	–	9 July 2011	9 July 2018
	3 August 2009	76,200	–	–	–	76,200	nil p	–	3 August 2012	3 August 2019
	12 July 2010	–	86,419	–	–	86,419	nil p	–	12 July 2013	12 July 2020
Adrian Lee	13 July 2007	50,000	–	–	(50,000)	–	nil p	–	n/a	n/a
	9 July 2008	45,000	–	–	–	45,000	nil p	–	9 July 2011	9 July 2018
	3 August 2009	42,300	–	–	–	42,300	nil p	–	3 August 2012	3 August 2019
	12 July 2010	–	63,975	–	–	63,975	nil p	–	12 July 2013	12 July 2020
John Trotman	13 July 2007	21,750	–	–	(21,750)	–	nil p	–	n/a	n/a
	9 July 2008	29,000	–	–	–	29,000	nil p	–	9 July 2011	9 July 2018
	3 August 2009	27,800	–	–	–	27,800	nil p	–	3 August 2012	3 August 2019
	12 July 2010	–	44,427	–	–	44,427	nil p	–	12 July 2013	12 July 2020

All options above are LTIPs. The Committee has considered the performance of the 2005 and 2006 LTIP option grants and determined that the criteria have been met, and the awards have therefore vested. The Committee has considered the performance of the 2007 LTIP options grants and determined that the criteria have not been met, therefore the awards lapsed during the year.

The market price of the Company's shares at 31 March 2011 was 330.7p. The highest market price during the year was 353.3p per share, the lowest market price during the year was 284.4p, and the average price during the year was 320p. Pursuant to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001, it should be noted that past performance of the Company's share price cannot be relied on as a guide to future performance.

Approval

This report was approved by the Board of Directors on 23 May 2011 and signed on its behalf by:

Tim Clark
Committee Chairman

Officers and Professional Advisers

Directors
Philip Burks
Tim Clark
James Gibson
Steve Johnson
Adrian Lee
Mark Richardson
Jonathan Short
John Trotman
Nicholas Vetch

Secretary
Shauna Beavis

Registered office
2 The Deans
Bridge Road
Bagshot
Surrey
GU19 5AT

Bankers
HSH Nordbank AG
155 Moorgate
London
EC2M 6UJ

Lloyds TSB Bank plc
25 Gresham Street
London
EC2V 7HN

Santander
2 Triton Square
Regent's Place
London
NW1 3AN

HSBC Bank plc
8 Canada Square
London
E14 5HQ

The Royal Bank of Scotland plc
8th Floor
280 Bishopsgate
London
EC2M 4RB

Solicitors
CMS Cameron McKenna LLP
Mitre House
160 Aldersgate Street
London
EC1A 4DD

Financial advisors and stockbrokers
J P Morgan Cazenove
20 Moorgate
London
EC2R 6DA

Auditors
Deloitte LLP
Chartered Accountants
2 New Street Square
London
EC4A 3BZ

Biographies of Directors and Senior Management

Executive Directors

Nicholas Vetch, aged 50, Executive Chairman, is a co-founder of Big Yellow in September 1998. Prior to that he was joint Chief Executive of Edge Properties plc, which he co-founded in 1989 which was subsequently listed on the Official List of the London Stock Exchange in 1996 and then taken over by Grantchester Properties plc in 1998. He is also a Non-Executive Director of Blue Self Storage S.L – a self storage operation in Spain, and a Non-Executive Director of Local Shopping REIT plc.

James Gibson, aged 50, Chief Executive Officer, is a co-founder of Big Yellow in September 1998. He is a Chartered Accountant having trained with Arthur Andersen & Co. where he specialised in the property and construction sectors, before leaving in 1989. He was Finance Director of Heron Property Corporation Limited and then Edge Properties plc which he joined in 1994. Edge Properties was listed on the Official List of the London Stock Exchange in 1996 and then taken over by Grantchester Properties plc in 1998. He is also a Non-Executive Director and shareholder of AnyJunk Limited.

Adrian Lee, aged 45, Operations Director, was previously a senior Executive at Edge Properties plc, which he joined in 1996. Prior to that he was a corporate financier at Lazard for five years, having previously qualified as a surveyor at Knight Frank. He was appointed to the Board in May 2000.

John Trotman, aged 33, Chief Financial Officer, is a Chartered Accountant having trained with Deloitte LLP, where he specialised in the real estate sector and self storage. On leaving Deloitte in 2005, John worked for a subsidiary of the Kajima Corporation. He joined Big Yellow in June 2007, and was appointed to the Board in September 2007.

Non-Executive Directors

Tim Clark, aged 60, Non-Executive Director. He was a partner in Slaughter and May, one of the leading international law firms in the world, for 25 years; initially working as a corporate and M&A adviser to a range of companies and institutions and then for the last seven years as senior partner (before retiring in April 2008). He is also Deputy Chairman of G3, and a Director/trustee of the COIF charitable funds. He is also a Senior Adviser to Chatham House and a member of the International Chamber of Commerce UK Governing Body, the Advisory Board of Uria Menendez, the Board of the Royal National Theatre and the Development Committee of the National Gallery. He is Chairman of the trustees of the Economist Trust and a member of the Audit Committee of the Wellcome Trust. He was appointed to the Board in August 2008.

Jonathan Short, aged 49, Non-Executive Director, Founding Partner and Executive Chairman of Internos Real Investors LLP, a pan European real estate investment management business. Non-Executive Director of Great Portland Estates plc, Independent Director to the Grosvenor Shopping Centre Fund and Trustee and UK Chairman of the Urban Land Institute. He was appointed to the Board in February 2000.

Philip Burks, aged 52, Non-Executive Director, is a co-founder of Big Yellow in September 1998. Prior to that he was joint Chief Executive of Edge Properties plc which he co-founded in 1989 which was subsequently listed on the Official List of the London Stock Exchange in 1996 and then taken over by Grantchester Properties plc in 1998. Philip was the Group's Property Director until 30 March 2007, at which date he stepped down to become a Non-Executive Director. He was appointed a Non-Executive Director of Goals Soccer Centres plc in December 2010.

Mark Richardson, aged 54, Non-Executive Director, retired from Deloitte in 2008 after a career there of 29 years, the last 19 as an audit partner specialising in clients in the Real Estate and Construction sectors. Mark is a co-opted member of the Audit and Risk Committee of the Natural History Museum and he is also a trustee of the children's communication charity ICAN. He was appointed to the Board in July 2008 and is chairman of the Audit Committee.

Steve Johnson, aged 47, Non-Executive Director, started his career at Bain in the 1980s before joining Asda in 1993, where he carried out a number of roles, culminating in Marketing Director. He left Asda in 2000, to join GUS as a Sales & Marketing Director, departing in 2002 to take up his first CEO role at Focus DIY, where he remained until 2007. Steve's most recent Executive appointment was at Woolworths which he joined as part of the final turnaround team in late 2008. He has most recently been working as an operating executive for Texas Pacific Group. He joined the Board in September 2010.

Senior Management Biographies

Shauna Beavis, aged 36, Financial Controller and Company Secretary, joined Big Yellow in March 2000, qualifying with CIMA in 2003. Prior to that she was a Project Manager within the IT industry.

Anthony Chenery, aged 39, Head of Marketing and E-Commerce, joined Big Yellow in February 2011, having previously been employed as Head of Online Marketing with Teletext Holidays for seven years. Prior to this, he has held marketing roles within the gaming and publishing industries and with the marketing agency Proximity London (previously BHWG Proximity).

Paul Donnelly, aged 57, Corporate Social Responsibility Manager joined Big Yellow in August 2007 and is an Associate Member of the Institute of Environmental Management and Assessment. Paul was previously the Sustainable Development Manager at Crest Nicholson PLC. Prior to that he was also Environmental Manager at John Laing PLC.

Stuart Grinnall, aged 36, IT Manager, joined Big Yellow in July 2000. He is a systems engineer with several years experience developing IT solutions for growth companies and NHS Hospital Trusts.

Nigel Hartley, aged 47, Construction Director, joined Big Yellow in January 2000. He is a chartered surveyor with over 19 years experience in the construction industry, both overseas and in the UK, principally in the retail and industrial sectors.

Cheryl Hathaway, aged 45, Head of Human Resources, joined Big Yellow in March 2000, having previously been employed as a Human Resources Manager within the Harrods Group. Prior to this she worked for Debenhams in a variety of human resources roles, both within head offices and in stores.

Chris Herbert, aged 56, Construction Manager, joined Big Yellow in September 1999, having previously worked for Leslie Clark, a Construction Consultancy, for 10 years. Prior to that, he spent 10 years as a contracts/project manager with John Lelliot Building Contractors.

Nicola Jordan, aged 44, Head of Store Operations, joined Big Yellow in March 2003, having previously been employed as an Area Manager with Superdrug for 5 years. Prior to this she has held operational roles with Little Chef, Travelodge and Victoria Wine.

David Knight, aged 47, Head of Facilities, joined Big Yellow in June 2000. He was previously an Estates Manager at Whitbread which he joined in 1997. Prior to this he was Group Facilities Manager at Central Transport Rental Group Plc (formerly Tiphook Plc) having previously qualified as a surveyor at Edwin Hill.

Andrew Watson, aged 42 Property Director, joined Big Yellow in October 2000 having previously worked as a property acquisition surveyor for McDonald's Restaurants. Prior to that, he was an acquisitions surveyor for Victoria Wine, having previously qualified as a chartered surveyor at Herring Baker Harris.

Tom Wilcockson, aged 54, Head of New Business Development, joined Big Yellow in July 2007. He has significant experience of developing new business channels including international franchising, BTB and direct selling through key roles at Bhs and Early Learning Centre.

Independent Auditors' Report to the Members of Big Yellow Group PLC

We have audited the Group financial statements of Big Yellow Group PLC for the year ended 31 March 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Cash Flow Statements, the Reconciliation of Net Cash Flow to Movement in Net Debt and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of Directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion:

> the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2011 and of the Group's profit for the year then ended;

> the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

> the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

> the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

> the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and

> the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

> adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or

> the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

> certain disclosures of Directors' remuneration specified by law are not made; or

> we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

> the Directors' statement contained within the business review in relation to going concern;

> the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and

> certain elements of the report to shareholders by the Board on Directors' remuneration.

Jason Davies (Senior Statutory Auditor)
Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, United Kingdom
23 May 2011

Consolidated Statement of Comprehensive Income

Year ended 31 March 2011

		Note	2011 £000	2010 £000
Revenue		3	**61,885**	57,995
Cost of sales			**(22,669)**	(22,067)
Gross profit			**39,216**	35,928
Administrative expenses			**(7,158)**	(6,860)
Operating profit before gains and losses on property assets			**32,058**	29,068
Loss on the revaluation of investment properties		13a, 14	**(16,039)**	(3,558)
Gains/(losses) on surplus land		15	**71**	(2,073)
Operating profit			**16,090**	23,437
Share of profit of associate		13d	**1,826**	1,320
Investment income	– interest receivable	7	**114**	386
	– fair value movement of derivatives	7, 18	**197**	–
Finance costs	– interest payable	8	**(11,326)**	(12,259)
	– fair value movement of derivatives	8, 18	**–**	(2,675)
Profit before taxation			**6,901**	10,209
Taxation		9	**–**	–
Profit for the year (attributable to equity shareholders)		5	**6,901**	10,209
Total comprehensive income for the period attributable to equity shareholders			**6,901**	10,209
Basic earnings per share		12	**5.34p**	8.11p
Diluted earnings per share		12	**5.29p**	8.03p

EPRA earnings per share are shown in Note 12.

All items in the income statement relate to continuing operations.

Consolidated Balance Sheet

31 March 2011

	Note	2011 £000	2010 £000
Non-current assets			
Investment property	13a	**745,840**	761,570
Investment property under construction	13a	**46,310**	33,960
Development property	13a	**–**	–
Interests in leasehold property	13a	**21,244**	21,998
Plant, equipment and owner-occupied property	13b	**2,674**	2,833
Goodwill	13c	**1,433**	1,433
Investment in associate	13d	**14,931**	12,105
		832,432	833,899
Current assets			
Surplus land	15	**17,633**	20,237
Inventories		**319**	295
Trade and other receivables	16	**11,540**	11,097
Cash and cash equivalents		**8,954**	30,619
		38,446	62,248
Total assets		**870,878**	896,147
Current liabilities			
Trade and other payables	17	**(22,718)**	(19,459)
Obligations under finance leases	21	**(1,947)**	(1,958)
		(24,665)	(21,417)
Non-current liabilities			
Derivative financial instruments	18	**(7,783)**	(7,980)
Bank borrowings	19	**(273,230)**	(297,816)
Obligations under finance leases	21	**(19,297)**	(20,040)
Other payables	17	**(954)**	(1,609)
		(301,264)	(327,445)
Total liabilities		**(325,929)**	(348,862)
Net assets		**544,949**	547,285
Equity			
Called up share capital	22	**13,106**	13,099
Share premium account		**43,404**	43,384
Reserves		**488,439**	490,802
Equity shareholders' funds		**544,949**	547,285

The financial statements were approved by the Board of Directors and authorised for issue on 23 May 2011. They were signed on its behalf by:

James Gibson
Director

John Trotman
Director

Company Registration No. 03625199

Consolidated Statement of Changes in Equity

Year ended 31 March 2011

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Other distributable reserve £000	Own shares £000	Total £000
1 April 2010	13,099	43,384	1,653	460,672	30,373	(1,896)	547,285
Total comprehensive income for the period	–	–	–	6,901	–	–	6,901
Issue of share capital	7	20	–	–	–	–	27
Dividend	–	–	–	(10,328)	–	–	(10,328)
Credit to equity for equity-settled share based payments	–	–	–	1,064	–	–	1,064
31 March 2011	**13,106**	**43,404**	**1,653**	**458,309**	**30,373**	**(1,896)**	**544,949**

The other distributable reserve arose from merger relief under S612 of Companies Act 2006, following the Group's placing of 11.5 million shares in the prior year.

Year ended 31 March 2010

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Other distributable reserve £000	Own shares £000	Total £000
1 April 2009	11,559	41,663	1,653	449,338	–	(1,896)	502,317
Total comprehensive income for the period	–	–	–	10,209	–	–	10,209
Issue of share capital	1,540	1,721	–	–	30,373	–	33,634
Credit to equity for equity-settled share based payments	–	–	–	1,125	–	–	1,125
31 March 2010	13,099	43,384	1,653	460,672	30,373	(1,896)	547,285

Consolidated Cash Flow Statement

Year ended 31 March 2011

	Note	2011 £000	2010 £000
Operating profit		**16,090**	23,437
Loss on the revaluation of investment properties	*13a, 14*	**16,039**	3,558
(Gains)/losses on surplus land	*15*	**(71)**	2,073
Depreciation	*13b*	**611**	631
Depreciation of finance lease capital obligations	*13a*	**910**	815
Employee share options	*6*	**1,641**	1,664
(Increase)/decrease in inventories		**(24)**	43
Increase in receivables		**(1,945)**	(1,233)
Increase in payables		**1,674**	283
Cash generated from operations		**34,925**	31,271
Interest paid		**(11,806)**	(12,292)
Interest received		**415**	84
Cash flows from operating activities		**23,534**	19,063
Investing activities			
Sale of surplus land		**4,497**	1,927
Purchase of non-current assets		**(11,864)**	(13,213)
Additions to surplus land		**(621)**	(360)
Investment in associate	*13d*	**(1,000)**	(1,500)
Cash flows from investing activities		**(8,988)**	(13,146)
Financing activities			
Issue of share capital		**27**	33,634
Payment of finance lease liabilities	*13a*	**(910)**	(815)
Equity dividends paid	*11*	**(10,328)**	–
Reduction in borrowings		**(25,000)**	(11,339)
Cash flows from financing activities		**(36,211)**	21,480
Net (decrease)/increase in cash and cash equivalents		**(21,665)**	27,397
Opening cash and cash equivalents		**30,619**	3,222
Closing cash and cash equivalents		**8,954**	30,619

Reconciliation of Net Cash Flow to Movement in Net Debt

Year ended 31 March 2011

	Note	2011 £000	2010 £000
Net (decrease)/increase in cash and cash equivalents in the year		**(21,665)**	27,397
Cash outflow from decrease in debt financing		**25,000**	11,339
Change in net debt resulting from cash flows		**3,335**	38,736
Movement in net debt in the year		**3,335**	38,736
Net debt at the start of the year		**(269,381)**	(308,117)
Net debt at the end of the year	*18*	**(266,046)**	(269,381)

1. GENERAL INFORMATION

Big Yellow Group PLC is a Company incorporated in Great Britain under the Companies Act 2006. The address of the registered office is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT. The nature of the Group's operations and its principal activities are set out in note 4 and in the Business Review on pages 22 to 29.

These financial statements are presented in pounds sterling because that is the currency of the economic environment in which the Group operates.

2. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new and revised standards

In the current year, there were no new or revised Standards or Interpretations that have been adopted and have affected the amounts reported in these financial statements.

Standards not affecting the reported results nor the financial position

The following new and revised Standard and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

- Updated Conceptual Framework for Financial Reporting; effective from September 2010;
- Amendments to IFRS 2 Share based payments; effective for accounting periods beginning on or after 1 January 2010;
- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations; effective for accounting periods beginning on or after 1 January 2010;
- Amendments to IFRS 8 Operating Segments; effective for accounting periods beginning on or after 1 January 2010;
- Amendments to IAS 1 Presentation of Financial Statements concerning current/non-current classification of convertible instruments; effective for accounting periods beginning on or after 1 January 2010;
- Amendments to IAS 7 Statement of Cash Flows concerning classification of expenditures on unrecognised assets; effective for accounting periods beginning on or after 1 January 2010;
- IAS 32 Financial Instruments – Presentation concerning the classification of rights issues; effective for accounting periods beginning on or after 1 January 2010;
- Amendments to IAS 39 Financial Instruments – Recognition and Measurement; effective for accounting periods beginning on or after 1 January 2010;
- Amendments to IFRIC 9 Reassessment of Embedded Derivatives; effective for accounting periods beginning on or after 1 July 2009;
- Amendment to IFRIC 16 Hedges of a Net Investment in a Foreign Operation; effective for accounting periods beginning on or after 1 July 2009; and
- Amendment to IFRIC 17 Distributions of Non-cash Assets to Owners; effective for accounting periods beginning on or after 1 July 2009.

At the date of approval of these financial statements, the following standards and guidance relevant to the Group were in issue but not yet effective:

- IFRS 9 Financial Instruments – Classification and Measurement; effective for accounting periods beginning on or after 1 January 2013;
- IFRS 10 Consolidated Financial Statements; effective for accounting periods beginning on or after 1 January 2013;
- IFRS 11 Joint Arrangements; effective for accounting periods beginning on or after 1 January 2013;
- IFRS 12 Disclosure of Interests in Other Entities; effective for accounting periods beginning on or after 1 January 2013;
- IFRS 13 Fair Value Movement; effective for accounting periods beginning on or after 1 January 2013;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments; effective for accounting periods beginning on or after 1 July 2010;
- Amendments to IFRS 3 (revised) Business Combinations; effective for accounting periods beginning on or after 1 July 2010;
- Amendments to IFRS 7 Financial Instruments – Disclosures; effective for accounting periods beginning on or after 1 January 2011;
- Amendments to IAS 12 Income Taxes; effective for accounting periods beginning on or after 1 January 2012;
- Amendments to IAS 24 Related Party Disclosures; effective for accounting periods beginning on or after 1 January 2011;
- Amendments to IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction; effective for accounting periods beginning on or after 1 January 2011; and
- Various other amendments made as part of the IASB's 2010 Annual Improvements programme effective for accounting periods beginning on or after 1 July 2010 or 1 January 2011.

With the exception of IFRS 9, IFRS 10, IFRS 11, IFRS 12 and IFRS 13 which the Group is currently evaluating, we do not expect there to be a material impact from the adoption of these standards.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted, which have been applied consistently to the results, other gains and losses, assets, liabilities and cash flows of entities included in the consolidated financial statements in the current and preceding year, are set out below.

Going concern

A review of the Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 22 to 39 of the Business and Financial Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are shown in the balance sheet, cash flow statement and accompanying notes in the financial statements. Further information concerning the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk can be found in the Business and Financial Review.

After reviewing Group and Company cash balances, borrowing facilities and projected cash flows, the Directors believe that the Group and Company have adequate resources to continue operations for the foreseeable future. In reaching this conclusion the Directors have had regard to the Group's operating plan and budget for the year ended 31 March 2012 and projections contained in the longer term business plan which covers the period to March 2016. The Directors have considered carefully the Group's trading performance and cash flows as a result of the uncertain global economic environment and the other principal risks to the Group's performance. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The Group accounts consolidate the accounts of Big Yellow Group PLC and all of its subsidiaries at the year end using acquisition accounting principles. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Investment in subsidiaries

These are recognised at cost less provision for any impairment.

Investment in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale (see below). Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Revenue recognition

Revenue represents amounts derived from the provision of services which fall within the Group's ordinary activities after deduction of trade discounts and any applicable value added tax. Income is recognised over the period for which the storage room is occupied by the customer. The Group recognises non-storage income over the period in which it is earned.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Management fees earned are recognised over the period for which the services are provided. Franchise fees are recognised in the income statement as they fall contractually due to the Group.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Premiums payable on settlement or redemption and direct issue costs are accounted for on an accruals basis in the income statement using the effective interest rate method and are added to the carrying value amount of the instrument to the extent that they are not settled in the period in which they arise.

Finance costs

All borrowing costs are recognised in the income statement in the period in which they are incurred, unless the costs are incurred as part of the development of a qualifying asset, when they will be capitalised. Commencement of capitalisation is the date when the Group incurs expenditure for the qualifying asset, incurs borrowing costs and undertakes activities that are necessary to prepare the assets for their intended use when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. In the case of suspension of activities during extended periods, the Group suspends capitalisation. The Group ceases capitalisation of borrowing costs when substantially all of the activities necessary to prepare the asset for use are complete.

Operating profit

Operating profit is stated after gains and losses on surplus land, movements on the revaluation of investment properties and before the share of results of associates, investment income and finance costs.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates substantively enacted at the balance sheet date that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant, equipment & owner occupied property

All property, plant and equipment, not classified as investment property, are carried at historic cost less depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold property	50 years
Freehold improvements	20 years
Leasehold improvements	Over period of the lease
Plant and machinery	10 years
Fixtures and fittings	5 years
Computer equipment	3 years
Motor vehicles	4 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Investment property

The criterion used to distinguish investment property from owner-occupied property is to consider whether the property is held for rental income and for capital appreciation. Where this is the case, the Group recognises these owned or leased properties as investment properties. Investment property is initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers. In accordance with IAS40, investment property held leasehold is stated gross of the recognised finance lease liability.

Gains or losses arising from the changes in fair value of investment property are included in the income statement of the period in which they arise. In accordance with IAS40, as the Group uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

Leasehold properties that are leased under operating leases are classified as investment properties and included in the balance sheet at fair value. The obligation to the lessor for the buildings element of the leasehold is included in the balance sheet at the present value of the minimum lease payments at inception, and is shown within note 13a. Lease payments are apportioned between finance charges and a reduction of the outstanding lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Investment property under construction

Investment property under construction is initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers.

Gains or losses arising from the changes in fair value of investment property under construction are included in the income statement in the period in which they arise. In accordance with IAS 40, as the Group uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

Surplus land

Surplus land is recognised at the lower of cost and net realisable value. Any gains and losses on surplus land are recognised through the income statement.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of an asset's net selling price and its value-in-use (ie the net present value of its future cash flows discounted at the Group's average pre-tax interest rate that reflects the borrowing costs and risk for the asset).

Inventories

Inventories, which are packing materials, are stated at the lower of cost and net realisable value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

A – Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of interest rates. The Group uses interest rate swap contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors. The policy in respect of interest rates is to maintain a balance between flexibility and the hedging of interest rate risk.

Derivatives are initially recognised at fair value and are subsequently reviewed at each balance sheet date. The fair value of interest rate derivatives at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract.

Changes in the fair value of derivative financial instruments are recognised in the income statement as they arise. The Group has not adopted hedge accounting. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

B – Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

C – Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

D – Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amounts of these assets approximates to the fair value.

E – Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

F – Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

G – Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

H – Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Retirement benefit costs

Pension costs represent contributions payable to defined contribution schemes and are charged as an expense to the income statement as they fall due. The assets of the schemes are held separately from those of the Group.

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payments.

The Group issues equity-settled share-based payments to certain employees. These are measured at fair value at the date of grant. The fair value determined at the grant date of the share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) *Estimate of fair value of Investment Properties and Investment Property Under Construction*
The Group's self storage centres and stores under development are valued using a discounted cash flow methodology which is based on projections of net operating income. The Group employs expert external valuers, Cushman & Wakefield LLP, who report on the values of the Group's stores on a biannual basis. Principal assumptions underlying management's estimation of the fair value are those related to: stabilised occupancy levels; the absorption period to these stabilised levels; expected future growth in storage rents and operating costs; maintenance requirements; capitalisation rates and discount rates. A more detailed explanation of the background and methodology adopted in the valuation of the Group's investment properties is set out in note 14 to the accounts.

b) *Surplus land*
The Group's surplus land is held in the balance sheet at historic cost less provisions for impairment and is not valued externally. The Directors review all surplus land assets for impairment at each balance sheet date, considering all available evidence as to the likely proceeds receivable from the sale of the surplus land.

3. REVENUE

Analysis of the Group's operating revenue can be found below and in the Portfolio Summary on page 40.

	2011 £000	2011 £000	2010 £000	2010 £000
Open stores				
Self storage revenue	**50,690**		46,763	
Other storage related revenue	**8,844**		8,282	
Ancillary store rental revenue	**88**		89	
		59,622		55,134
Stores under development				
Non-storage income	**937**		1,232	
		937		1,232
Fee income				
Fees earned from Big Yellow Limited Partnership	**920**		1,198	
Other management fees earned	**406**		406	
Franchise fees received	**–**		25	
		1,326		1,629
Revenue per income statement		**61,885**		57,995
Investment income (see note 7)		**114**		386
Total revenue per IAS 18		**61,999**		58,381

Non-storage income derives principally from rental income earned from tenants of properties awaiting development.

4. SEGMENTAL INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. Given the nature of the Group's business, there is one segment, which is the provision of self storage accommodation and related services.

Revenue represents amounts derived from the provision of self storage accommodation and related services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax. The Group's net assets, revenue and profit before tax are attributable to one activity, the provision of self storage accommodation and related services. These all arise in the United Kingdom in the current year and prior year.

5. PROFIT FOR THE YEAR

a) Profit for the year has been arrived at after charging/(crediting):

	2011 £000	2010 £000
Depreciation of plant, equipment and owner-occupied property	**611**	631
Finance lease depreciation	**910**	815
Decrease in fair value of investment property	**16,039**	3,558
(Gains)/losses on surplus land	**(71)**	2,073
Cost of inventories recognised as an expense	**822**	764
Employee costs (see note 6)	**9,867**	9,649
Operating lease rentals	**87**	80
Auditors' remuneration for audit services (see below)	**165**	160

b) Analysis of auditors' remuneration:

	2011 £000	2010 £000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**158**	153
Other services – audit of the Company's subsidiaries' annual accounts	**7**	7
Total audit fees	**165**	160
Tax services – compliance	**30**	26
Tax services – advisory	**62**	47
Other services	**50**	30
Drivers Jonas Deloitte real estate advice	**16**	–
Total non-audit fees	**158**	103

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

6. EMPLOYEE COSTS

The average monthly number of full-time equivalent employees (including Executive Directors) was:

	2011 Number	2010 Number
Sales	**229**	209
Administration	**44**	43
	273	252

At 31 March 2011 the total number of Group employees was 301 (2010: 287).

	2011 £000	2010 £000
Their aggregate remuneration comprised:		
Wages and salaries	**7,133**	6,948
Social security costs	**768**	719
Other pension costs	**325**	318
Share-based payments	**1,641**	1,664
	9,867	9,649

Details of Directors' Remuneration is given on pages 62 to 69.

7. INVESTMENT INCOME

	2011 £000	2010 £000
Interest receivable	**114**	386
Change in the fair value of interest rate derivatives	**197**	–
	311	386

8. FINANCE COSTS

	2011 £000	2010 £000
Interest on bank borrowings	**11,074**	11,379
Capitalised interest	**(878)**	(268)
Interest on obligations under finance leases	**1,123**	1,147
Other interest payable	**7**	1
Total interest payable	**11,326**	12,259
Change in fair value of interest rate derivatives (see below)	**–**	2,675
Total finance costs	**11,326**	14,934

Included within the £2,675,000 reported above for the year ended 31 March 2010 is £245,000 in respect of derivative positions that were extended in March 2010.

9. TAXATION

The Group converted to a REIT in January 2007. As a result the Group does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains of the Group are 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.

UK current tax	2011 £000	2010 £000
Current tax:		
– Current year	**–**	–
Deferred tax (see note 20):		
– Current year	**–**	–
	–	–

A reconciliation of the tax charge is shown below:

	2011 £000	2010 £000
Profit before tax	**6,901**	10,209
Tax charge at 28% (2010 – 28%) thereon	**1,932**	2,858
Effects of:		
Revaluation of investment properties	**4,491**	996
Share of results of associate	**(48)**	(55)
Permanent differences	**(1,511)**	(972)
Profits from the tax exempt business	**(5,294)**	(4,321)
Losses not utilised in the year	**387**	1,318
Temporary timing differences	**43**	176
Total tax charge	**–**	–

10. ADJUSTED PROFIT BEFORE TAX

	2011 £000	2010 £000
Profit before tax	**6,901**	10,209
Loss/(gain) on revaluation of investment properties – wholly owned	**16,039**	3,558
– in associate	**(2,241)**	(2,036)
Change in fair value of interest rate derivatives – Group (see below)	**(197)**	2,675
– in associate	**(191)**	65
Losses/(gains) on surplus land – wholly owned	**(71)**	2,073
– in associate	**(33)**	(30)
Adjusted profit before tax	**20,207**	16,514
Net bank and other interest	**10,089**	10,726
Depreciation	**611**	631
Adjusted EBITDA	**30,907**	27,871

Adjusted profit before tax which excludes gains and losses on the revaluation of investment properties, changes in fair value of interest rate derivatives, net gains and losses on surplus land, and non-recurring items of income and expenditure has been disclosed to give a clearer understanding of the Group's underlying trading performance. The adjusted profit before tax of £20,207,000 (2010: £16,514,000) equates to EPRA earnings, as there is no tax charge in the year.

11. DIVIDENDS

	2011 £000	2010 £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2010 of 4p (2009: nil p) per share.	**5,163**	–
Interim dividend for the year ended 31 March 2011 of 4p (2010: nil p) per share.	**5,165**	–
	10,328	–
Proposed final dividend for the year ended 31 March 2011 of 5p (2010: 4p) per share.	**6,458**	5,163

Subject to approval by shareholders at the Annual General Meeting to be held on 18 July 2011, the final dividend will be paid on 20 July 2011 to shareholders on the Register on 10 June 2011.

The Property Income Dividend ("PID") payable for the current year is 4 pence per share.

12. EARNINGS AND NET ASSETS PER SHARE

Earnings per ordinary share

	Year ended 31 March 2011			Year ended 31 March 2010		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	**6.90**	**129.11**	**5.34**	10.21	125.83	8.11
Dilutive share options	**–**	**1.38**	**(0.05)**	–	1.31	(0.08)
Diluted	**6.90**	**130.49**	**5.29**	10.21	127.14	8.03
Adjustments:						
Loss on revaluation of investment properties	**16.04**	**–**	**12.29**	3.56	–	2.80
Change in fair value of interest rate derivatives	**(0.20)**	**–**	**(0.15)**	2.67	–	2.10
(Gains)/losses on surplus land	**(0.07)**	**–**	**(0.05)**	2.07	–	1.63
Share of associate non-recurring gains	**(2.46)**	**–**	**(1.89)**	(2.00)	–	(1.57)
EPRA – diluted	**20.21**	**130.49**	**15.49**	16.51	127.14	12.99
EPRA – basic	**20.21**	**129.11**	**15.65**	16.51	125.83	13.12

The calculation of basic earnings is based on profit after tax for the year. The weighted average number of shares used to calculate diluted earnings per share has been adjusted for the conversion of share options.

EPRA earnings and earnings per ordinary share before non-recurring items, movements on revaluation of investment properties, gains and losses on surplus land, the change in fair value of interest rate swaps, and share of associate non-recurring gains have been disclosed to give a clearer understanding of the Group's underlying trading performance.

12. EARNINGS AND NET ASSETS PER SHARE (continued)

The European Public Real Estate Association ("EPRA") has issued recommended bases for the calculation of net assets per share information and this is shown in the table below:

Analysis of net asset value	31 March 2011 £000	31 March 2010 £000
Basic net asset value	**544,949**	547,285
Exercise of share options	**603**	594
EPRA NNNAV	**545,552**	547,879
Adjustments:		
Fair value of derivatives	**7,783**	7,980
Fair value of derivatives – share of associate	**579**	770
EPRA NAV	**553,914**	556,629
Basic net assets per share (pence)	**421.9**	424.0
EPRA NNNAV per share (pence)	**415.0**	418.3
EPRA NAV per share (pence)	**421.3**	425.0
EPRA NAV (as above) (£000)	**553,914**	556,629
Valuation methodology assumption (see note 14) (£000)	**37,483**	37,127
Adjusted net asset value (£000)	**591,397**	593,756
Adjusted net assets per share (pence)	**449.8**	453.3

	No. of shares	No. of shares
Shares in issue	**131,060,522**	130,990,837
Own shares held	**(1,905,000)**	(1,905,000)
Basic shares in issue used for calculation	**129,155,522**	129,085,837
Exercise of share options	**2,312,475**	1,897,685
Diluted shares used for calculation	**131,467,997**	130,983,522

Net assets per share are shareholders' funds divided by the number of shares at the period end. The shares currently held in the Group's Employee Benefit Trust are excluded from both net assets and the number of shares.

Adjusted net assets per share include the effect of those shares issuable under employee share option schemes and the effect of alternative valuation methodology assumptions (see note 14).

13. NON-CURRENT ASSETS

a) Investment property, development property and interests in leasehold property

	Investment property £000	Investment property under construction £000	Development property £000	Interests in leasehold property £000	Total £000
31 March 2009	735,060	–	73,618	21,852	830,530
Reclassifications to investment property under construction	–	51,741	(51,741)	–	–
Reclassifications to surplus land	–	–	(21,877)	–	(21,877)
Additions	2,368	9,919	–	–	12,287
Adjustment to present value	–	–	–	961	961
Transfer to investment property	14,437	(14,437)	–	–	–
Revaluation	9,705	(13,263)	–	–	(3,558)
Depreciation	–	–	–	(815)	(815)
31 March 2010	761,570	33,960	–	21,998	817,528
Additions	1,617	11,037	–	–	12,654
Adjustment to present value	–	–	–	156	156
Reclassification from plant, equipment and freehold property	5	–	–	–	5
Revaluation (see note 14)	(17,352)	1,313	–	–	(16,039)
Depreciation	–	–	–	(910)	(910)
31 March 2011	**745,840**	**46,310**	**–**	**21,244**	**813,394**

The income from self storage accommodation earned by the Group from its investment property is disclosed in note 3. Direct operating expenses arising on the investment property in the year are disclosed in the Portfolio Summary on page 40.

b) Plant, equipment and owner occupied property

	Freehold property £000	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings & office equipment £000	Total £000
Cost						
31 March 2009	1,858	44	651	–	5,137	7,690
Additions	17	–	32	–	320	369
31 March 2010	1,875	44	683	–	5,457	8,059
Reclassifications	(8)	–	3	–	–	(5)
Additions	–	–	58	25	374	457
31 March 2011	**1,867**	**44**	**744**	**25**	**5,831**	**8,511**
Depreciation						
31 March 2009	(125)	(34)	(392)	–	(4,044)	(4,595)
Charge for the year	(34)	(3)	(63)	–	(531)	(631)
31 March 2010	(159)	(37)	(455)	–	(4,575)	(5,226)
Charge for the year	(32)	(4)	(60)	(3)	(512)	(611)
31 March 2011	**(191)**	**(41)**	**(515)**	**(3)**	**(5,087)**	**(5,837)**
Net book value						
31 March 2011	**1,676**	**3**	**229**	**22**	**744**	**2,674**
31 March 2010	1,716	7	228	–	882	2,833

c) Goodwill

Goodwill relates to the purchase of Big Yellow Self Storage Company Limited in 1999. The asset is tested bi-annually for impairment. The carrying value of £1,433,000 remains unchanged from the prior year as there is considered to be no impairment in the value of the asset.

13. NON-CURRENT ASSETS (continued)

d) Investment in associate

The Group has a 33.3% interest in Big Yellow Limited Partnership. This interest is accounted for as an associate, using equity accounting. The Partnership commenced trading on 1 December 2007.

	31 March 2011 £000	31 March 2010 £000
At the beginning of the year	**12,105**	9,285
Subscription for partnership capital and advances	**1,000**	1,500
Share of results (see below)	**1,826**	1,320
	14,931	12,105

The Group has subscribed for cumulative partnership capital and advances of £13,632,000 to 31 March 2011 (2010: £12,632,000).

The figures below show the trading results of Big Yellow Limited Partnership, and the Group's share of the results and the net assets of the Partnership.

Big Yellow Limited Partnership	Year ended 31 March 2011 £000	Year ended 31 March 2010 £000
Income statement (100%)		
Revenue	**4,134**	1,880
Cost of sales	**(3,836)**	(2,645)
Administrative expenses	**(75)**	(75)
Operating profit/(loss)	**223**	(840)
Gain on the revaluation of investment properties	**6,725**	6,109
Gain on the disposal of surplus land	**99**	91
Net interest payable	**(2,141)**	(1,204)
Fair value movement of interest rate derivatives	**574**	(196)
Profit before and after tax	**5,480**	3,960
Balance sheet (100%)		
Investment property	**105,450**	79,660
Investment property under construction	**2,730**	12,850
Other fixed assets	**725**	753
Current assets	**1,981**	1,398
Current liabilities	**(2,160)**	(1,569)
Derivative financial instruments	**(1,736)**	(2,310)
Non-current liabilities	**(62,195)**	(54,467)
Net assets (100%)	**44,795**	36,315

Group share of (33.3%)	£000	£000
Operating profit/(loss)	**74**	(280)
Gain on the revaluation of investment properties	**2,241**	2,036
Gain on the disposal of surplus land	**33**	30
Net interest payable	**(713)**	(401)
Fair value movement of interest rate derivatives	**191**	(65)
Profit for the year	**1,826**	1,320
Associate net assets	**14,931**	12,105

13. NON-CURRENT ASSETS (continued)

d) Investment in associate (continued)

The Partnership has in place a loan facility of £68 million, secured from Royal Bank of Scotland plc and HSBC Bank plc. The original loan available was £75 million, but this was reduced by £7 million in the year at the Partners' request, as projections showed the full amount of the loan would not be drawn.

The loan has a five year term and expires in 2013. £31.8 million of the £62.7 million drawn down at 31 March 2011 has been fixed to 30 June 2013 at a weighted average interest cost post margin of 5.5%. The balance of the drawn debt is currently paying one month LIBOR plus applicable margin. The weighted average interest cost post margin at 31 March 2011 of the facility was 4.3%.

The Partnership loan has a loan to value covenant which requires the gross loan to the value of the Partnership's investment property assets to be no more than 60%. This covenant reduces to 55% from November 2011. The loan is non-recourse to the Group.

The Group has an option at 31 March 2013, and certain dates thereafter, provided certain Internal Rate of Return ("IRR") hurdles are met, to acquire the assets within the Partnership or the remaining interest in the Partnership not held by the Group. The price payable is based on the market value of the Partnership's assets and liabilities, and is subject to certain promotes, dependent on the IRR achieved.

14. VALUATION OF INVESTMENT PROPERTY

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
Freehold stores*			
1 April 2010	323,914	386,446	710,360
Movement in period	1,439	(13,269)	(11,830)
31 March 2011	**325,353**	**373,177**	**698,530**
Leasehold stores			
1 April 2010	15,509	35,701	51,210
Movement in period	183	(4,083)	(3,900)
31 March 2011	**15,692**	**31,618**	**47,310**
Total of open stores			
1 April 2010	339,423	422,147	761,570
Movement in period	1,622	(17,352)	(15,730)
31 March 2011	**341,045**	**404,795**	**745,840**
Investment property under construction			
1 April 2010	47,223	(13,263)	33,960
Movement in period	11,037	1,313	12,350
31 March 2011	**58,260**	**(11,950)**	**46,310**
Valuation of all investment property			
1 April 2010	386,646	408,884	795,530
Movement in period	12,659	(16,039)	(3,380)
31 March 2011	**399,305**	**392,845**	**792,150**

* Includes one long leasehold property

The investment properties have been valued at 31 March 2011 by external valuers, Cushman & Wakefield LLP ("C&W"). The valuation has been carried out in accordance with the RICS Valuation Standards published by The Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each of the investment properties and the investment properties under construction has been prepared on the basis of Market Value as a fully equipped operational entity, having regard to trading potential.

14. VALUATION OF INVESTMENT PROPERTY (continued)

The valuation has been provided for accounts purposes and as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, C&W have confirmed that:

> The members of the RICS who have been the signatories to the valuations provided to the Group for the same purposes as this valuation have done so since September 2004;

> C&W have been carrying out this bi-annual valuation for the same purposes as this valuation on behalf of the Group since September 2004;

> C&W do not provide other significant professional or agency services to the Group;

> In relation to the preceding financial year of C&W, the proportion of the total fees payable by the Group to the total fee income of the firm is less than 5%; and

> The fee payable to C&W is a fixed amount per store, and is not contingent on the appraised value.

Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from the recent global banking crisis coupled with the economic downturn, which have caused a low number of transactions in the market for self storage property. C&W note that, although there were a number of self storage transactions in 2007, the only significant transactions since 2007 are:

1. The sale of a 51% share in Shurgard Europe which was announced in January 2008 and completed on 31 March 2008;
2. The sale of the former Keepsafe portfolio by Macquarie to Alligator Self Storage which was completed in January 2010; and
3. The purchase by Shurgard Europe of the 80% interests held by its joint venture partner (Arcapita) in its two European joint venture vehicles, First Shurgard and Second Shurgard. The price paid was €172 million and the transaction was announced in March 2011. The two joint ventures owned 72 self storage properties.

C&W observe that in order to provide a rational opinion of value at the present time it is necessary to assume that the self storage sector will continue to perform in a way not greatly different from that being anticipated prior to the "credit crunch", however they have reflected negative sentiment in their capitalisation rates and they have reflected current trading conditions in their cash flow projections for each property. C&W state that there is therefore greater uncertainty attached to their opinion of value than would be anticipated during more active market conditions.

Valuation methodology

C&W have adopted different approaches for the valuation of the leasehold and freehold assets as follows:

Freehold and long leasehold

The valuation is based on a discounted cash flow of the net operating income over a ten year period and notional sale of the asset at the end of the tenth year.

Assumptions

A. Net operating income is based on projected revenue received less projected operating costs together with a central administration charge of 6% of the estimated annual revenue subject to a cap and a collar. The initial net operating income is calculated by estimating the net operating income in the first 12 months following the valuation date.

B. The net operating income in future years is calculated assuming straight-line absorption from day one actual occupancy to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the 51 open stores (both freeholds and leaseholds) at 31 March 2011 averages 83.1% (2010: 84.2%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for the stores to trade at their maturity levels across the portfolio is 41 months (2010: 42 months); for the 32 established stores, the period to maturity is 37 months (2010: 37 months).

C. The capitalisation rates applied to existing and future net cash flow have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as student housing and hotels, bank base rates, ten year money rates, inflation and the available evidence of transactions in the sector. The valuation included in the accounts assumes rental growth in future periods. If an assumption of no rental growth is applied to the external valuation, the stabilised yield for the 51 stores pre administration expenses is 8.4% (2010: 8.4%).

D. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) is 11.29% (2010: 11.35%).

E. Purchaser's costs of 5.8% (see below) have been assumed initially and sale plus purchaser's costs totalling 6.8% are assumed on the notional sales in the tenth year in relation to the freehold stores.

Short leasehold

The same methodology has been used as for freeholds, except that no sale of the assets in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease. The average unexpired term of the Group's seven short leasehold properties is 16.2 years (March 2010: 15.8 years).

14. VALUATION OF INVESTMENT PROPERTY (continued)

Assumptions (continued)

Investment properties under construction

C&W have valued the stores in development adopting the same methodology as set out above but on the basis of the cash flow projection expected for the store at opening after allowing for the outstanding costs to take each scheme from its current state to completion and full fit out. C&W have allowed for holding costs and construction contingency, as appropriate. For the scheme where planning consent has not yet been granted, C&W have reflected the planning risk in their valuation.

Prudent lotting

C&W have assessed the value of each property individually. However, with regard to eight recently opened stores which are loss making or have low cash flow (three wholly owned and five in the Partnership) (2010: ten stores, three wholly owned and seven in the Partnership) C&W have prepared their valuation on the assumption that were these properties to be brought to the market then they would be lotted or grouped for sale with other more mature assets of a similar type owned by the Company in such a manner as would most likely be adopted in the case of an actual sale of the interests valued. This lotting assumption has been made in order to alleviate the issue of negative or low short term cash flow. C&W have not assumed that the entire portfolio of properties owned by the Group would be sold as a single lot and the value for the whole portfolio in the context of a sale as a single lot may differ significantly from the aggregate of the individual values for each property in the portfolio, reflecting prudent lotting as described above.

Valuation assumption for purchaser's costs

The Group's investment property assets have been valued for the purposes of the financial statements after deducting notional purchaser's cost of 5.8% of gross value, as if they were sold directly as property assets. The valuation is an asset valuation which is entirely linked to the operating performance of the business. They would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be very difficult to achieve except in a corporate structure.

This approach follows the logic of the valuation methodology in that the valuation is based on a capitalisation of the net operating income after allowing a deduction for operational cost and an allowance for central administration costs. Sale in a corporate structure would result in a reduction in the assumed Stamp Duty Land Tax but an increase in other transaction costs reflecting additional due diligence resulting in a reduced notional purchaser's cost of 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. The Group therefore instructed C&W to carry out a Red Book valuation on the above basis, and this results in a higher property valuation at 31 March 2011 of £827,970,000 (£35,820,000 higher than the value recorded in the financial statements). The valuations in Big Yellow Limited Partnership are £4,990,000 higher than the value recorded in the financial statements, of which the Group's share is £1,663,000. The sum of these is £37,483,000 and translates to 28.5 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 12).

15. SURPLUS LAND

	£000
1 April 2010	20,237
Additions	621
Write back of prior year impairment	500
Disposals	(3,725)
31 March 2011	**17,633**

The current year gain of £71,000 is comprised of a write back of a prior year impairment on a site of £500,000, offset by a loss on disposal of £429,000. In the prior year, an impairment of £2,000,000 was made against a site in addition to £73,000 of disposal costs, giving a total income statement loss for the prior year of £2,073,000.

16. TRADE AND OTHER RECEIVABLES

	31 March 2011 £000	31 March 2010 £000
Trade receivables	**1,776**	1,796
Other receivables	**274**	1,592
Prepayments and accrued income	**9,490**	7,709
	11,540	11,097

Trade receivables are net of a bad debt provision of £25,000 (2010: £29,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

The other receivables balance has reduced since the prior year due to a deferred consideration of £1.2 million on the sale of surplus land at our site in Twickenham, which was received in October 2010.

Trade receivables

The Group does not typically offer credit terms to its customers and hence the Group is not exposed to significant credit risk. All customers are required to pay in advance of the storage period. A late charge of 10% is applied to a customer's account if they are greater than 10 days overdue in their payment. The Group provides for receivables on a specific basis. There is a right of lien over the customers' goods, so if they have not paid within a certain time frame, we have the right to sell the items they store to recoup the debt owed by the customer. Trade receivables that are overdue are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

For individual storage customers, the Group does not perform credit checks, however this is mitigated by the fact that all customers are required to pay in advance, and also to pay a deposit ranging from between 1 week to 4 weeks storage income. Before accepting a new business customer who wishes to use a number of the Group's stores, the Group uses an external credit rating to assess the potential customer's credit quality and defines credit limits by customer. There are no customers who represent more than 5 per cent of the total balance of trade receivables.

Included in the Group's trade receivable balance are debtors with a carrying amount of £155,000 (2010: £161,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 34 days past due (2010: 36 days past due).

Ageing of past due but not impaired receivables

	2011 £000	2010 £000
1 – 30 days	**99**	98
30 – 60 days	**33**	38
60 + days	**23**	25
Total	**155**	161

Movement in the allowance for doubtful debts

	2011 £000	2010 £000
Balance at the beginning of the year	**29**	21
Amounts provided in year	**69**	109
Amounts written off as uncollectible	**(73)**	(101)
Balance at the end of the year	**25**	29

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Ageing of impaired trade receivables

	2011 £000	2010 £000
1 – 30 days	**–**	–
30 – 60 days	**4**	4
60 + days	**21**	25
Total	**25**	29

17. TRADE AND OTHER PAYABLES

	31 March 2011 £000	31 March 2010 £000
Current		
Trade payables	**9,885**	7,425
Other payables	**2,075**	2,510
Accruals and deferred income	**9,663**	8,472
Amounts owed to associate	**177**	–
VAT repayable under Capital Goods Scheme	**918**	1,052
	22,718	19,459
Non current		
VAT repayable under Capital Goods Scheme	**954**	1,609

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The Directors consider the carrying amount of trade and other payables and accruals and deferred income approximates fair value. See note 19 for details of VAT repayable under Capital Goods Scheme. Included within accruals and deferred income is £1,116,000 in respect of the Long Term Bonus Performance Plan.

The Directors estimate the fair value of the Group's VAT payable under capital goods scheme as follows:

	2011 Carrying amount £000	2011 Estimated fair value £000	2010 Carrying amount £000	2010 Estimated fair value £000
VAT payable under capital goods scheme	**1,872**	**1,791**	2,661	2,490

The fair values have been calculated by discounting expected cash flows at interest rates prevailing at the year end.

18. FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group's banking facilities require hedging of 70% of the funds drawn under the investment tranche of its core banking facility. The Group has complied with this during the year.

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are used to manage exposure to fluctuations in interest rates, but are not employed for speculative purposes.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

A. Balance sheet management

The Group's Board reviews the capital structure on an ongoing basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Group seeks to have a conservative gearing ratio (the proportion of net debt to equity). The Board considers at each review the appropriateness of the current ratio in light of the above. The Board is currently satisfied with the Group's gearing ratio.

The gearing ratio at the year end is as follows:

	2011 £000	2010 £000
Debt	**(275,000)**	(300,000)
Cash and cash equivalents	**8,954**	30,619
Net debt	**266,046**	269,381
Balance sheet equity	**544,949**	547,285
Net debt to equity ratio	**48.8%**	49.2%

Debt is defined as long-term and short-term borrowings, as detailed in note 19. Equity includes all capital and reserves of the Group attributable to equity holders of the Company. Net debt is defined as gross bank borrowings less cash and cash equivalents.

18. FINANCIAL INSTRUMENTS (continued)

B. Debt management

The Group borrows through a senior term loan, secured on its existing store portfolio. Borrowings are arranged to ensure an appropriate maturity profile and to maintain short term liquidity. Funding is arranged in the Group and in Big Yellow Limited Partnership through banks and financial institutions with whom the Group has a strong working relationship.

C. Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

The Group has two interest rate derivatives in place; £120 million fixed at 2.99% (excluding the margin on the underlying debt instrument) until September 2015 and £70 million fixed at 3.93% (excluding the margin on the underlying debt instrument) also until September 2015.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is one month LIBOR. The Group will settle the difference between the fixed and floating interest rate on a net basis.

The Group does not hedge account for its interest rate swaps and states them at fair value, with changes in fair value included in the income statement. The gain in the income statement for the year of these interest rate swaps was £197,000 (2010: loss of £2,430,000).

A further income statement charge arose in the prior year of £245,000 in respect of the fair value movement of derivative positions that were extended in March 2010.

The fair value of the above derivatives at 31 March 2011 was a liability of £7,783,000 (2010: liability of £7,980,000).

D. Interest rate sensitivity analysis

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings, without jeopardising its flexibility. Over the longer term, permanent changes in interest rates may have an impact on consolidated earnings.

At 31 March 2011, it is estimated that an increase of 0.5 percentage points in interest rates would have reduced the Group's adjusted profit before tax by £425,000 (2010: reduced adjusted profit before tax by £550,000) and a decrease of 0.5 percentage points in interest rates would have increased the Group's adjusted profit before tax by £425,000 (2010: increased adjusted profit before tax by £550,000). There would have been no effect on amounts recognised directly in equity. The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings, net of interest rate swaps, at the year end.

The Group's sensitivity to interest rates has decreased during the year, following the repayment of floating rate debt from cash resources. The Board monitors closely the exposure to the floating rate element of our debt.

E. Cash management and liquidity

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 19 is a description of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Short term money market deposits are used to manage liquidity whilst maximising the rate of return on cash resources, giving due consideration to risk.

F. Foreign currency management

The Group does not have any foreign currency exposure.

G. Credit risk

The credit risk management policies of the Group with respect to trade receivables are discussed in note 16. The Group has no significant concentration of credit risk, with exposure spread over 30,500 customers in our wholly owned stores.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

18. FINANCIAL INSTRUMENTS (continued)

H. Financial maturity analysis

In respect of interest-bearing financial liabilities, the following table provides a maturity analysis for individual elements.

2011 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Bank loan payable at variable rate	85,000	–	–	85,000	–
Debt fixed by interest rate derivatives	190,000	–	–	190,000	–
Total	**275,000**	**–**	**–**	**275,000**	**–**

2010 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Bank loan payable at variable rate	110,000	–	–	110,000	–
Debt fixed by interest rate derivatives	190,000	–	–	190,000	–
Total	300,000	–	–	300,000	–

I. Fair values of financial instruments

The fair values of the Group's cash and short term deposits and those of other financial assets equate to their book values. Details of the Group's receivables at amortised cost are set out in note 16. The amounts are presented net of provisions for doubtful receivables and allowances for impairment are made where appropriate. Trade and other payables, including bank borrowings, are carried at amortised cost. Finance lease liabilities are included at the fair value of their minimum lease payments. Derivatives are carried at fair value.

For those financial instruments held at valuation, the Group has categorised them into a three level fair value hierarchy based on the priority of the inputs to the valuation technique in accordance with IFRS 7. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. The fair values of the Group's outstanding interest rate swaps, as detailed in note 18J, have been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 7. There are no financial instruments which have been categorised as Level 1 or Level 3.

J. Maturity analysis of financial liabilities

The contractual maturities based on market conditions and expected yield curves prevailing at the year end date are as follows:

2011	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Finance leases £000	Total £000
From five to twenty years	–	–	–	23,189	23,189
From two to five years	–	482	279,566	5,959	286,007
From one to two years	954	2,682	9,980	1,987	15,603
Due after more than one year	954	3,164	289,546	31,135	324,799
Due within one year	22,718	4,444	9,980	1,987	39,129
Total	**23,672**	**7,608**	**299,526**	**33,122**	**363,928**

2010	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Finance leases £000	Total £000
From five to twenty years	–	(672)	–	25,254	24,582
From two to five years	–	355	315,203	5,995	321,553
From one to two years	1,609	3,304	10,431	1,998	17,342
Due after more than one year	1,609	2,987	325,634	33,247	363,477
Due within one year	19,459	5,039	10,431	1,998	36,927
Total	21,068	8,026	336,065	35,245	400,404

18. FINANCIAL INSTRUMENTS (continued)

K. Reconciliation of maturity analyses

The maturity analysis in note 18J shows non-discounted cash flows for all financial liabilities including interest payments. The table below reconciles the borrowings column in note 19 with the borrowings and interest column in the maturity analysis presented in note 18J.

2011	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From two to five years	273,230	4,566	1,770	279,566
From one to two years	–	9,980	–	9,980
Due after more than one year	273,230	14,546	1,770	289,546
Due within one year	–	9,980	–	9,980
Total	**273,230**	**24,526**	**1,770**	**299,526**

2010	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From two to five years	297,816	15,203	2,184	315,203
From one to two years	–	10,431	–	10,431
Due after more than one year	297,816	25,634	2,184	325,634
Due within one year	–	10,431	–	10,431
Total	297,816	36,065	2,184	336,065

19. BANK BORROWINGS

Secured borrowings at amortised cost	31 March 2011 £000	31 March 2010 £000
Bank borrowings	**275,000**	300,000
Unamortised loan arrangement costs	**(1,770)**	(2,184)
	273,230	297,816

The Group has a £325 million senior debt facility in place, provided by HSH Nordbank AG, Lloyds TSB Bank plc, HSBC Bank plc and Santander. The loan is due to expire on 15 September 2013.

The facility is secured on a first charge of 55 of the Group's properties and is subject to certain covenants. The facility is divided into two tranches, Tranche A, up to a maximum of £50 million is used to finance non-stabilised properties within the Group and carries a margin of 150 bps. Tranche B is used to finance stabilised Group properties, and carries a margin of between 112.5 bps and 150 bps dependent on the Tranche B income cover. The Group is currently paying a margin of 112.5 bps on this Tranche. As the properties within Tranche A stabilise, they can be transferred to Tranche B, reducing the margin payable.

The facility's principal covenant is an income cover covenant that requires Tranche B EBITDA to be greater than 1.4 times the interest cost in Tranche B; this covenant rises to 1.5 times from September 2011.

The Group is also required to retain consolidated net assets of £250 million; and a net debt to net assets ratio of less than 1.3 to 1. There is no loan to value covenant. At 31 March 2011 all covenants were complied with as illustrated in the table below:

	Covenant	31 March 2011
Minimum income cover	1.4x	**3.88x**
Minimum net assets	£250 million	**£544.9 million**
Maximum gross loan to net assets gearing	1.3:1	**0.50:1**

The weighted average interest rate paid on the bank borrowings during the year was 3.6% (2010: 3.6%).

The Group has £50,000,000 in undrawn committed borrowing facilities at 31 March 2011 which expire between two and three years (2010: £25,000,000 expiring between three and four years).

19. BANK BORROWINGS (continued)

Interest rate profile of financial liabilities

	Total £000	Floating rate £000	Fixed rate £000	Weighted average interest rate	Period for which the rate is fixed	Weighted average period until maturity
At 31 March 2011						
Gross financial liabilities	**275,000**	**85,000**	**190,000**	**3.6%**	**6.0 years**	**4.7 years**
At 31 March 2010						
Gross financial liabilities	300,000	110,000	190,000	3.5%	6.0 years	4.7 years

The floating rate at 31 March 2011 was paying a margin of 1.125% above one month LIBOR, the fixed rate debt was paying a weighted average margin of 1.14%. All monetary liabilities, including short term receivables and payables are denominated in sterling. The weighted average interest rate includes the effect of the Group's interest rate derivatives.

Narrative disclosures on the Group's policy for financial instruments are included within the Business Review and note 18.

20. DEFERRED TAX

Deferred tax assets in respect of share based payments (£0.1 million), interest rate swaps (£4.2 million), losses (£1.7 million) and capital losses (£0.5 million) in respect of the residual business have not been recognised due to uncertainty over taxable profits in the short term within the residual business.

21. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value minimum of lease payments	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Amounts payable under finance leases:				
Within one year	**1,987**	1,998	**1,947**	1,958
Within two to five years inclusive	**7,946**	7,993	**6,828**	6,836
Greater than five years	**23,189**	25,254	**12,469**	13,204
	33,122	35,245	**21,244**	21,998
Less: future finance charges	**(11,878)**	(13,247)		
Present value of lease obligations	**21,244**	21,998		

All lease obligations are denominated in sterling. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The carrying amount of the Group's lease obligations approximates their fair value.

22. SHARE CAPITAL

	Authorised		Called up, allotted and fully paid	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Ordinary shares at 10 pence each	**20,000**	20,000	**13,106**	13,099

Movement in issued share capital	
Number of shares at 31 March 2009	115,592,541
Share placing	11,549,000
Issue to shares to Employee Benefit Trust	1,090,000
Exercise of share options – Share option schemes	2,759,296
Number of shares at 31 March 2010	130,990,837
Exercise of share options – Share option schemes	69,685
Number of shares at 31 March 2011	**131,060,522**

The Company has one class of ordinary shares which carry no right to fixed income.

22. SHARE CAPITAL (continued)

At 31 March 2011 options in issue to Directors and employees were as follows:

Date option granted	Option price per ordinary share	Date first exercisable	Date on which the exercise period expires	**Number of ordinary shares 2011**	Number of ordinary shares 2010
30 November 2000	137.5p	30 November 2003	29 November 2010	**–**	2,500
8 November 2001	98p	8 November 2004	7 November 2011	**18,359**	33,859
15 May 2002	102p	15 May 2005	14 May 2012	**20,200**	20,200
16 December 2002	81.5p	16 December 2005	15 December 2012	**14,830**	14,830
2 July 2003	82.5p	2 July 2006	1 July 2013	**22,112**	23,112
11 November 2003	96p	11 November 2006	10 November 2013	**10,850**	13,000
27 September 2004	nil p**	27 September 2007	26 September 2014	**6,500**	12,500
6 June 2005	nil p**	6 June 2008	5 June 2015	**94,165**	106,665
9 June 2006	nil p**	9 June 2009	8 June 2016	**101,665**	109,165
13 July 2007	nil p**	13 July 2010	12 July 2017	**–**	495,750
30 August 2007	409p*	30 August 2010	28 February 2011	**–**	2,772
6 March 2008	310p*	6 March 2011	5 September 2011	**11,019**	12,195
9 July 2008	Nil p**	9 July 2011	8 July 2018	**343,000**	373,000
22 August 2008	249p*	22 August 2011	21 February 2012	**13,439**	14,873
24 February 2009	141p*	24 February 2012	23 August 2012	**224,690**	246,889
3 August 2009	Nil p**	3 August 2012	2 August 2019	**375,167**	391,700
23 February 2010	255p*	23 February 2013	23 August 2013	**19,319**	27,447
12 July 2010	Nil p **	12 July 2013	11 July 2020	**440,585**	–
28 February 2011	263p *	28 February 2014	29 August 2014	**34,132**	–
				1,750,032	1,900,457

* SAYE (see note 23)
** LTIP (see note 23)

Own Shares

The own shares reserve represents the cost of shares in Big Yellow Group PLC purchased in the market, and held by the Big Yellow Group PLC Employee Benefit, along with shares issued directly to the Employee Benefit Trust. 1,905,000 shares are held in the Employee Benefit Trust (2010: 1,905,000).

23. SHARE BASED PAYMENTS

The Company has four equity share-based payment arrangements, namely approved and unapproved share option schemes, an LTIP scheme, an Employee Share Save Scheme ("SAYE") and a Long Term Bonus Performance Plan. The Group recognised a total expense in the year related to equity-settled share-based payment transactions of £1,640,000 (2010: £1,664,000).

Equity-settled share option plans

The Group granted options to employees under Approved and Unapproved Inland Revenue Share option schemes between 16 November 1999 and 11 November 2003. The Group's schemes provided for a grant price equal to the average quoted market price of the Group shares on the date of grant. The vesting period is three to ten years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest.

Since 3 September 2004 the Group has operated an Employee Share Save Scheme ("SAYE") which allows any employee who has more than six months service to purchase shares at a 20% discount to the average quoted market price of the Group shares at the date of grant. The associated savings contracts are 3 years at which point the employee can exercise their option to purchase the shares or take the amount saved, including interest, in cash. The scheme is administered by Yorkshire Building Society.

On 27 September 2004, 6 June 2005, 9 June 2006, 13 July 2007, 9 July 2008, 3 August 2009 and 12 July 2010 the Group awarded nil-paid options to senior management under the Group's Long Term Incentive Plan ("LTIP"). The awards are conditional on the achievement of challenging performance targets as described on page 64 of the Remuneration Report. The awards granted on 27 September 2004, 6 June 2005 and 9 June 2006 vested in full. The awards granted on 13 July 2007 lapsed during the year.

The weighted average share price at the date of exercise for options exercised in the year was 327 pence (2010: 373 pence).

23. SHARE BASED PAYMENTS (continued)

Equity-settled share option plans (continued)

Share option scheme "ESO"	2011 No. of options	2011 Weighted average exercise price (£)	2010 No. of options	2010 Weighted average exercise price (£)
Outstanding at beginning of year	**107,501**	**0.94**	2,072,794	1.06
Exercised during the year	**(21,150)**	**0.85**	(1,965,293)	1.07
Outstanding at the end of the year	**86,351**	**0.92**	107,501	0.94
Exercisable at the end of the year	**86,351**	**0.92**	107,501	0.94

Options outstanding at 31 March 2011 had a weighted average contractual life of 1.6 years (2010: 2.4) years.

LTIP scheme	2011 No. of options	2010 No. of options
Outstanding at beginning of year	**1,488,780**	1,885,914
Granted during the year	**454,435**	393,700
Forfeited during the year	**(537,383)**	(2,000)
Exercised during the year	**(44,750)**	(788,834)
Outstanding at the end of the year	**1,361,082**	1,488,780
Exercisable at the end of the year	**202,330**	228,330

The weighted average fair value of options granted during the period was £453,000 (2010: £435,000).

Options outstanding at 31 March 2011 had a weighted average contractual life of 7.8 years (2010: 7.3 years).

Employee Share Save Scheme ("SAYE").	2011 No. of options	2011 Weighted average exercise price (£)	2010 No of options	2010 Weighted average exercise price (£)
Outstanding at beginning of year	**304,176**	**1.66**	303,940	1.62
Granted during the year	**34,132**	**2.63**	27,447	2.55
Forfeited during the year	**(31,924)**	**2.04**	(22,042)	1.81
Exercised during the year	**(3,785)**	**1.41**	(5,169)	3.47
Outstanding at the end of the year	**302,599**	**1.73**	304,176	1.66
Exercisable at the end of the year	**–**	**–**	–	–

Options outstanding at 31 March 2011 had a weighted average contractual life of 1.6 years (2010:1.6 years).

The inputs into the Black-Scholes model are as follows:

	ESO	LTIP	SAYE
Expected volatility	24%	34%	35%
Expected life	3 years	3 years	3 years
Risk-free rate	4.7%	4.3%	3.9%
Expected dividends	3.2%	3.9%	4.1%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the year prior to grant.

Long term bonus performance plan

The Group has a joint share ownership plan in place. This is accounted for as a compound instrument, with 50% accrued as a liability as this proportion of the award may be cash settled. The balance is recognised as a credit to equity, recognising the equity settled element. The plan was set up in August 2009. Directors and senior employees have a partial interest in 1,905,000 shares with the Group's Employee Benefit Trust. The fair value of each award is £2 subject to the vesting criteria as set out in the Directors' Remuneration Report. At 31 March 2011 the weighted average contractual life was 1.4 years.

24. CAPITAL COMMITMENTS

Amounts contracted but not provided in respect of the Group's properties as at 31 March 2011 were £3.4 million (2010: £5.0 million).

25. EVENTS AFTER THE BALANCE SHEET DATE

There are no reportable events after the balance sheet date.

26. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Big Yellow Limited Partnership

As described in note 13, the Group has a 33.3% interest in Big Yellow Limited Partnership ("the Partnership"), and entered into transactions with the Partnership during the year on normal commercial terms.

In the current year the Group earned fees from the Partnership of £920,000 (2010: £1,198,000). At 31 March 2011, the Group owed £177,000 to the Partnership (2010: Group was owed £140,000 by the Partnership).

No other related party transactions took place during the years ended 31 March 2011 and 31 March 2010.

The remuneration of the Executive and Non-Executive Directors, who are the key management personnel of the Group, is set out below in aggregate. Further information on the remuneration of individual Directors is found in the audited part of the Directors' Remuneration Report on pages 68 to 69.

	31 March 2011 £000	31 March 2010 £000
Short term employee benefits	**1,103**	1,052
Post employment benefits	**83**	81
Share based payments	**–**	5,924
	1,186	7,057

Company Balance Sheet

Year ended 31 March 2011

	Note	2011 £000	2010 £000
Non-current assets			
Plant, equipment and owner-occupied property	*29*	**1,546**	1,569
Investment in subsidiary companies	*29*	**5,639**	4,575
		7,185	6,144
Current assets			
Trade and other receivables	*30*	**664,230**	677,999
Cash and cash equivalents		**8,940**	30,266
		673,170	708,265
Total assets		**680,355**	714,409
Current liabilities			
Trade and other payables	*31*	**(680)**	(777)
		(680)	(777)
Non-current liabilities			
Derivative financial instruments	*32*	**(7,783)**	(7,980)
Bank borrowings	*32*	**(273,230)**	(297,816)
		(281,013)	(305,796)
Total liabilities		**(281,693)**	(306,573)
Net assets		**398,662**	407,836
Equity			
Called up share capital	*22*	**13,106**	13,099
Share premium account		**43,404**	43,384
Reserves		**342,152**	351,353
Equity shareholders' funds		**398,662**	407,836

The financial statements were approved by the Board of Directors and authorised for issue on 23 May 2011. They were signed on its behalf by:

James Gibson
Director

John Trotman
Director

Company Registration No. 03625199

Company Cash Flow Statement

Year ended 31 March 2011

	2011 £000	2010 £000
Operating loss	**(756)**	(603)
Depreciation	**32**	34
Decrease/(increase) in receivables	**13,415**	(271,196)
(Decrease)/increase in payables	**(82)**	43
Cash used by operations	**12,609**	(271,722)
Dividends received from subsidiary companies	**–**	275,426
Interest paid	**(11,555)**	(11,142)
Interest received	**12,930**	13,002
Cash flows from operating activities	**13,984**	5,564
Investing activities		
Purchase of non-current assets	**(9)**	(5)
	(9)	(5)
Financing activities		
Issue of share capital	**27**	33,634
Equity dividends paid	**(10,328)**	–
Reduction in borrowings	**(25,000)**	(11,339)
Cash flows from financing activities	**(35,301)**	22,295
Net (decrease)/increase in cash and cash equivalents	**(21,326)**	27,854
Opening cash and cash equivalents	**30,266**	2,412
Closing cash and cash equivalents	**8,940**	30,266

Company Statement of Changes in Equity

Year ended 31 March 2011

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Other distributable reserve £000	Own shares £000	Total £000
1 April 2010	13,099	43,384	1,653	321,223	30,373	(1,896)	407,836
Total comprehensive income for the period	–	–	–	63	–	–	63
Equity dividends paid	–	–	–	(10,328)			(10,328)
Issue of share capital	7	20	–	–	–	–	27
Credit to equity for equity-settled share based payments	–	–	–	1,064	–	–	1,064
31 March 2011	**13,106**	**43,404**	**1,653**	**312,022**	**30,373**	**(1,896)**	**398,662**

The Company's share capital is disclosed in note 22.

The own shares balance represents amounts held by the Employee Benefit Trust (see note 22).

Year ended 31 March 2010

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Other distributable reserve £000	Own shares £000	Total £000
1 April 2009	11,559	41,663	1,653	46,653	–	(1,896)	99,632
Total comprehensive income for the period	–	–	–	273,445	–	–	273,445
Issue of share capital	1,540	1,721	–	–	30,373	–	33,634
Credit to equity for equity-settled share based payments	–	–	–	1,125	–	–	1,125
31 March 2010	13,099	43,384	1,653	321,223	30,373	(1,896)	407,836

27. PROFIT FOR THE YEAR

As permitted by section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of these financial statements. The profit for the year attributable to equity shareholders dealt with in the financial statements of the Company was £0.1 million (2010: profit of £273.4 million).

28. BASIS OF ACCOUNTING

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared on the historic cost basis except that derivative financial instruments are stated at fair value.

The Company's principal accounting policies are the same as those applied in the Group financial statements. See note 23 for details of share based payments affecting the Company.

Going concern

See note 2 for the review of going concern for the Group and the Company.

IFRIC 11, IFRS 2 Group and Treasury Share transactions

The Company makes equity settled share based payments to certain employees of certain subsidiary undertakings. Equity settled share based payments that are made to the employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest. This is the only addition to investment in subsidiaries in the current year. The Company does not have any employees.

29. NON-CURRENT ASSETS

Investments in subsidiary companies

	Investment in subsidiary undertakings £000
Cost	
31 March 2010	4,575
Additions	1,064
31 March 2011	**5,639**

Details of the Company's principal subsidiary companies at 31 March 2011 and 31 March 2010 are as follows:

Name of subsidiary	Place of incorporation ownership (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
.Big Yellow Self Storage Company Limited	UK	100	100	Self storage
Big Yellow Self Storage Company 6 Limited	UK	100	100	Self storage
Big Yellow Self Storage Company 8 Limited	UK	100	100	Self storage
BYSSCo Limited	UK	100	100	Self storage
BYRCo Limited	UK	100	100	Property management
Big Yellow Construction Company Limited	UK	100	100	Construction management
.Big Yellow Self Storage (GP) Limited	UK	51	51	General Partner

Details of the Company's principal associate at 31 March 2011 and 31 March 2010 are as follows:

Name of associate	Place of incorporation ownership (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Big Yellow Limited Partnership	UK	33.3	33.3	Self storage

29. NON-CURRENT ASSETS (continued)

Plant, equipment and owner occupied property

	Freehold property £000	Leasehold improvements £000	Total £000
Cost			
31 March 2010	1,726	17	1,743
Additions	9	–	9
31 March 2011	**1,735**	**17**	**1,752**
Accumulated depreciation			
31 March 2010	(157)	(17)	(174)
Charge for the year	(32)	–	(32)
31 March 2011	**(189)**	**(17)**	**(206)**
Net book value			
31 March 2011	**1,546**	**–**	**1,546**
31 March 2010	1,569	–	1,569

30. TRADE AND OTHER RECEIVABLES

	31 March 2011 £000	31 March 2010 £000
Amounts owed by Group undertakings	**664,162**	677,657
Prepayments and accrued income	**68**	342
	664,230	677,999

31. TRADE AND OTHER PAYABLES

	31 March 2011 £000	31 March 2010 £000
Current		
Other payables	**52**	137
Accruals and deferred income	**628**	640
	680	777

32. BANK BORROWINGS AND FINANCIAL INSTRUMENTS

Interest rate derivatives

The Company has two interest rate swaps in place; £120 million fixed at 2.99% (excluding the margin on the underlying debt instrument) until September 2015 and £70 million fixed at 3.93% (excluding the margin on the underlying debt instrument) until September 2015.

The floating rate at 31 March 2011 was paying a margin of 1.125% above one month LIBOR, the fixed rate debt was paying a weighted average margin of 1.14%.

The Group's policy on risk management is set out in the Business Review on page 29.

	31 March 2011 £000	31 March 2010 £000
Bank borrowings	**275,000**	300,000
Unamortised loan arrangement costs	**(1,770)**	(2,184)
	273,230	297,816

The bank loans are secured on 51 of the Group's properties.

32. BANK BORROWINGS AND FINANCIAL INSTRUMENTS (continued)

Maturity profile of financial liabilities

	2011 Financial liabilities £000	2010 Financial liabilities £000
Between two and five years	**275,000**	300,000
Gross financial liabilities	**275,000**	300,000

The fair value of interest rate derivatives at 31 March 2011 was a liability of £7,783,000 (2010: liability of £7,980,000). See note 18 for detail of the interest rate profile of financial liabilities.

33. FINANCIAL INSTRUMENTS

The disclosure relating to the Company's financial instruments are disclosed in note 18 to the Group financial statements. These disclosures are relevant to the Company's bank borrowings and derivative financial instruments. In addition, the Company has other payables of £52,000 in the current year (2010: £137,000), which are held at amortised cost in the financial statements.

34. RELATED PARTY TRANSACTIONS

Included within these financial statements are amounts owing from Group undertakings of £664,162,000 (2010: £677,657,000), including intercompany interest receivable of £13,126,000 (2010: £13,305,000). A dividend was received from wholly owned subsidiaries of £nil (2010: £275,426,000).

Ten Year Summary

Year ended 31 March 2011

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000	2003 £000	2002 £000
Results										
Revenue	**61,885**	57,995	58,487	56,870	51,248	41,889	33,375	23,830	15,579	8,408
Operating profit/(loss) before gains and losses on property assets	**32,058**	29,068	30,946	29,342	27,067	21,645	15,030	4,719	(449)	(2,775)
Cash flow from operating activities	**23,534**	19,063	10,203	14,388	16,726	16,125	9,664	5,761	2,125	(170)
Profit/(loss) before taxation	**6,901**	10,209	(71,489)	102,618	152,837	118,547	42,836	1,243	(2,294)	(2,306)
Adjusted profit before taxation	**20,207**	16,514	13,791	15,006	14,233	12,601	7,791	n/d	n/d	n/d
Net assets	**544,949**	547,285	502,317	580,886	487,979	244,139	159,168	58,391	58,951	74,026
EPRA earnings per share	**15.49p**	12.99p	11.89p	11.72p	10.01p	8.86p	5.53p	n/d	n/d	n/d
Declared total dividend per share	**9.0p**	4.0p	nil p	9.5p	9.0p	5.0p	2.0p	1.05p	1.0p	nil p
Key statistics										
Number of stores open*	**62**	60	54	48	43	37	32	29	26	19
Sq ft occupied (000)*	**2,130**	1,915	1,775	1,850	1,835	1,672	1,470	1,268	875	550
Occupancy growth in year 000 sq ft)	**215**	140	(75)	15	163	202	202	393	325	322
Number of customers*	**32,800**	30,500	28,500	30,500	30,100	27,800	24,600	20,400	13,800	8,100
Average no. of employees during the year	**273**	252	239	218	191	178	160	140	116	79

* – includes stores operating in Big Yellow Limited Partnership
Results to 2004 under UK GAAP, 2005 onwards under IFRS.
n/d – measure not disclosed in that year

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www.bigyellow.co.uk

Big Yellow Group PLC

2 The Deans, Bridge Road,
Bagshot, Surrey GU19 5AT

Tel: 01276 470190
Fax: 01276 470191
e-mail: info@bigyellow.co.uk