

# Report on Corporate Governance

## Introduction

The Company is committed to the principles of corporate governance contained in the UK Corporate Governance Code that was issued in 2010 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 Code

Throughout the year ended 31 March 2013, the Company has been in compliance with the Code provisions set out in section 1 of the 2010 UK Corporate Governance Code.

## Statement about applying the principles of the Code

The Company has applied the principles set out in 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, Richard Cotton, Mark Richardson and Steve Johnson 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.

The Board does not consider that Philip Burks is an independent Non-Executive, as he is a co-founder of the Group and was an Executive Director from September 1998 until March 2007. Philip Burks is stepping down from the Board at the Group's AGM on 19 July. He will be replaced by Georgina Harvey, who is joining the Board in July 2013. The Board considers that Georgina Harvey is wholly independent and free from any business or other relationship which could materially interfere with the exercise of her judgement.

Tim Clark is the Senior Independent Non-Executive Director.

All of 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	6/7	–	–	–
Tim Clark	Non-Executive Director	7/7	3/3	2/2	2/2
Richard Cotton	Non-Executive Director	6/6	2/2	1/1	1/1
James Gibson	Chief Executive Officer	7/7	–	–	–
Steve Johnson	Non-Executive Director	6/7	2/3	2/2	2/2
Adrian Lee	Operations Director	7/7	–	–	–
Mark Richardson	Non-Executive Director	7/7	3/3	2/2	2/2
Jonathan Short	Non-Executive Director	2/2	1/1	1/1	–
John Trotman	Chief Financial Officer	7/7	–	–	–
Nicholas Vetch	Executive Chairman	7/7	–	–	–

The Board meets 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 as part of its review of the Group's risk register.

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.

### **Re-election of Directors**

In accordance with the UK Corporate Governance Code, all Directors are submitting themselves for re-election at the 2012 Annual General Meeting, with the exception of Philip Burks who is retiring at the Annual General Meeting. The biographical details of the Directors of the Group are set out on page 70. 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.

### **Non-Executive Directors**

The Non-Executive Directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They are required to satisfy themselves on the integrity of the financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration for Executive Directors and have a prime role in appointing and, where necessary, removing Executive Directors, and in succession planning.

### **Performance evaluation**

Each year the Board undertakes an 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 Code, and intends to appoint a facilitator during the year ending 31 March 2014 to perform an external evaluation of the Board's effectiveness and procedures, and those of its Committees. Given Philip Burks is retiring from the Board in July 2013, and will be replaced by Georgina Harvey as an independent Non-Executive Director, the Board decided to delay the external evaluation until these changes had occurred.

With the exception of Philip Burks, 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.

### **Diversity**

The Company has been keen to add female representation on the Board as soon as practicable and in July 2013 Georgina Harvey will join the Board as a Non-Executive Director. The Company believes that diversity, both at Board level and within management and staff at the Group, is an important factor for maximising performance. Within Big Yellow there is significant diversity, including gender diversity. The male to female ratio in the Group as a whole is 55:45.

### **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 Executives monthly and a detailed Board pack is distributed bi-monthly 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. 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.

## Report on Corporate Governance (continued)

### Standing committees of the Board

The Board has Audit, Remuneration and Nominations 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)  
Richard Cotton  
Steve Johnson  
Mark Richardson

Richard Cotton was appointed to the Committee in the year upon his appointment to the Board. Georgina Harvey will join the Committee upon her 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)  
Richard Cotton  
Steve Johnson  
Mark Richardson

Richard Cotton was appointed to the Committee in the year upon his appointment to the Board. Georgina Harvey will join the Committee upon her 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.

### Appointments 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 following Philip Burks' decision to retire at the forthcoming AGM, and decided that it was appropriate to appoint a new Non-Executive Director to replace Philip Burks.

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 Georgina Harvey be appointed to the Board. Georgina Harvey will join the Board as an independent Non-Executive Director in July 2013. The Nominations Committee believes the Board benefits from this appointment.

Richard Cotton's appointment to the Board was approved by the Nominations Committee in the prior year, albeit his appointment commenced in July 2012.

## 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, Germany 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 Group operates a rigorous system of risk management and 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.

The Board has applied principle C.2 of the UK Corporate Governance Code by establishing a continuous process for identifying, evaluating and managing the significant risks the Group faces and for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board regularly reviews the process, which has been in place from the start of the year to the date of approval of this report and which is in accordance with revised guidance on internal control published in October 2005 (the Turnbull Guidance). The Board is also responsible for the Group's system of internal control and for reviewing its effectiveness. 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.

In compliance with provision C.2.1 of the Code, the Board regularly reviews the effectiveness of the Group's risk management and internal control systems. 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 risk management and internal control arising during the period covered by the report, including the work carried out by the Group's Store Compliance team. 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 risk management and internal control systems, the Board has not identified, nor been advised of any failings or weaknesses which it has determined to be significant, consistent with the prior year. Therefore, a confirmation in respect of necessary actions has not been considered appropriate.

The principal areas of risk that the Group faces are considered overleaf.

## Report on Corporate Governance (continued)

### Self storage market risk

The UK economy has continued its slow recovery from the recession. Self storage has proved relatively resilient through the crisis, with our revenues and earnings increasing over the last three years.

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, and over the last three or so years new store openings within the sector have slowed to a trickle.

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 focus on London and the South East, which has proved more resilient during the downturn and where the drivers in the self storage market are at their strongest and the barriers to competition are at their highest;
- > 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 online strength; and
- > strong cash flow generation and high operating margins.

We have a large current storage customer base of over 38,000 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 30.

### Property risk

Our 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 current property market will in our view provide more opportunities 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 but 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 advisers and sub-contractors who have worked with us for many years to our Big Yellow specification.

### Treasury risk

Our financing policy is to fund our current needs through a mix of debt, equity and cash flow to allow us to selectively build out the remaining development pipeline 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.

We have a 15 year fixed rate loan in place from Aviva Commercial Finance Limited. For our bank debt, we borrow at floating rates of interest and use swaps to hedge our interest rate exposure. Our policy is to have at least 60% of our total borrowings fixed, with the balance floating paying margin over LIBOR. At 31 March 2013 we had fixed rate swaps in place over 50% of our outstanding bank borrowings, coupled with the loan from Aviva, resulting in 71% of the Group's total borrowings being fixed.

The Group does not hedge account its interest rate derivatives, all movements in fair value are taken through the statement of comprehensive income. 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.

### 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. 79% of our current customers pay by direct debit; however of new customers moving into the business in the last year 85% have paid by direct debit. Businesses often prefer to pay by cheque or BACS. Since the start of the downturn in economic activity, we have not seen an increase in the levels of bad debts and arrears. In the year to 31 March 2013 our bad debt expense represented 0.17% of revenue in the year (2012: 0.06%).

### **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"), for example, the change in the year of the imposition of VAT on self storage from 1 October 2012. We regularly monitor proposed and actual changes in legislation with the help of our professional advisers, 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 are the only major operator in the UK self storage industry that has every room in every store individually alarmed.

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.

### **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.

### **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 18 to 29 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 this Report and in the Directors' Report.

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 2014 and projections contained in the longer term business plan which covers the period to March 2018. 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.

## Report on Corporate Governance (continued)

### 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 the 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, International Accounting Standard 1 requires that the Directors:

- > 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 that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards 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

20 May 2013

# 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 UK Corporate Governance 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 auditor and the approval of the remuneration and terms of engagement of the external auditor;
- > reviewing and monitoring the external auditor's 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 auditor 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)  
Richard Cotton  
Tim Clark  
Steve Johnson

Richard Cotton was appointed to the Committee in the year upon his appointment to the Board. Georgina Harvey will join the Committee upon her appointment to the Board.

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. Appointments to the Audit Committee are for an initial period of three years, and are extendable by additional three year periods.

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 ongoing 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. Ongoing 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.

## Audit Committee Report (continued)

### 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 auditor 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 2012 report and financial statements, the September 2012 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 auditor 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 auditor;
- > agreed the fees to be paid to the external auditor for their audit of the March 2013 financial statements and September half-yearly report;
- > undertaken an assessment of the qualification, expertise and resources, and independence of the external auditor 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;
- > considered the audit partner and audit firm rotation;
- > 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 auditor; and
- > reviewed its own effectiveness.

### External auditor

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 auditor is 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 auditor will and will not be allowed to provide to the Group, including those that are pre-approved by the Audit Committee and those which require specific approval before they are contracted for, 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 auditor, the Audit Committee reviewed:

- > the external auditor's plan for the current year, noting the role of the senior statutory audit partner, who signs the audit report and who, in accordance with professional rules, has not held office for more than five years, and any changes in the key audit staff;
- > 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;
- > the overall extent of non-audit services provided by the external auditor, in addition to its case-by-case approval of the position of non-audit services by the external auditor; and
- > the past service of the auditor who was first appointed in 2000.

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

- > the arrangements for ensuring the external auditor's independence and objectivity;
- > the external auditor's fulfilment of the agreed audit plan and variations from the plan;
- > the robustness and perceptiveness of the auditor in his handling of the key accounting and audit judgements; and
- > the content of the external auditor's 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 2013, the auditor's remuneration comprised £167,000 for audit work and £137,000 for other work, principally relating to corporation tax work.

As part of this year's decision to recommend the re-appointment of the auditor, the Audit Committee has taken into account the tenure of the auditor and the audit partner and the need to consider at least every five years whether there should be a full tender process. The auditor, Deloitte LLP, has been in tenure since 2000 and the current audit partner has been in place since the audit of the current financial statements.

The Audit Committee has considered in the year the replacement for the incumbent audit partner, who has been required to rotate off the audit. Deloitte LLP was asked to present a number of candidates for the Audit Committee to consider to replace the existing partner, along with a detailed audit proposal for the ensuing three years. The Chairman of the Committee and the Group's Chief Financial Officer met the candidates and considered the audit proposal from Deloitte LLP. The Committee have approved a replacement Partner with the appropriate experience.

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 auditor is re-appointed.

The Committee is supportive of the new provision in the UK Code requiring FTSE 350 companies to put the provision of external audit services out to tender at least every ten years. The Committee has reviewed the performance of the external auditor and is satisfied that currently Deloitte LLP provides an appropriate level of service delivered by a team with an in-depth understanding of our business and the broader real estate sector. The Committee's present intention therefore is that they will review the requirement to tender the external audit closer to the time when the audit partner next rotates. There are no contractual obligations that act to restrict the Audit Committee's choice of external auditor.

### **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 auditor.

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

20 May 2013

# Corporate Social Responsibility Report

## 1. INTRODUCTION

Our Corporate Social Responsibility ("CSR") Policy sets out how we manage the impact of our business on society and the environment, to control our risks and manage our opportunities in a sustainable way. Big Yellow has been classified as having a "low environmental impact" by the Ethical Investment Research Index Series ("EIRIS") because it is involved in Support Services. Notwithstanding this, in order to maintain an efficient and sustainable business for its Stakeholders, the Board has continued to commit significant resources to the environmental and social aspects of its storage operations, real estate portfolio and new store developments.

This year we report in compliance with, and prior to, the adoption of the Companies Act Climate Change Regulation (October 2013) on reporting Greenhouse Gas ("GHG") Emissions for listed companies. We therefore provide a summary in the Directors' Report of Scope 1 and 2 carbon dioxide equivalent (CO<sub>2</sub>e) emissions using the DEFRA / DECC's 'Green House Gas (GHG) Conversion Factors' for Company Reporting, as defined on 28 May 2012. A limited level of assurance focuses on our carbon, waste, and health and safety performance data and was undertaken by Deloitte LLP in accordance with the International Standards on Assurance Engagements 3000 (ISAE 3000). The ISAE 3000 standard provides an evaluation of both quantitative and qualitative aspects of our CSR management and reporting.

### Reporting Greenhouse Gas Emissions

#### Scope 1 Carbon Emissions:

**Direct (on-site) GHG carbon equivalent emissions from stores from coolant replacement; flexi-office gas heating; construction 'fit-out' generator gas oil; and company vehicle use.**

These fuels and coolants only make up about 4.6% of our GHG emissions. Coolant 'top-up' or replacement in reception area air conditioners only occurs when required, through bi-annual servicing checks. Natural gas use for heating flexi-offices within 8 of our 66 stores, are a relatively low environmental impact compared to our Scope 2 emissions. Gas oil use in generators and associated emissions from new store construction 'fit-out' has fallen with the reduction in our new store development programme. Big Yellow has one company owned diesel fuelled vehicle, which is de minimis in terms of carbon emissions, but it is still monitored for CSR purposes.

#### Scope 2 Carbon Emissions:

**Indirect (off-site) GHG carbon equivalent emissions from electricity supplied for store lighting use in all areas of the building; and air conditioning for store reception areas only.**

Our main business activities consist of self storage operations and the facilities management of a 66 store portfolio. National grid electricity use constitutes 93.8% of our annual energy consumption, mainly for store lighting (both internal and external). It is a major operational cost and our most significant environmental impact, so we have continued with our investment in energy efficient lighting programmes to assist in reducing our Scope 2 emissions in the last year.

#### Scope 3 Voluntary Carbon Emissions:

**GHG emission indicators within our waste, water supply and landfill chains.**

##### Waste recycling and landfill GHG emissions

Waste generation in self storage is assessed as a "low environmental impact" as customers store high value goods and generate very little waste. Customer waste is the responsibility of our customers, unless recycling services are requested at an individual store. The majority of Big Yellow's non-hazardous bulk office waste is segregated by staff and recycled by our waste contractor. Waste tonnage is measured by our contractor from bulk container volumes. Percentages of waste recycled or sent to land fill is determined from studies and estimates.

##### Water supply and waste water treatment GHG emissions

Water use measurement has been monitored over the last three years (with some estimation) to confirm the significance of this potential environmental impact. It has been assessed as a "low environmental impact" for self storage operations, but Big Yellow will continue to monitor and report this data to assess tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) for water supply chain sewage treatment emissions.

## 2. EXECUTIVE SUMMARY

### Reduction in Scope 2 'Same Store' Electricity Use and Carbon Emissions

Scope 2 emissions are from National Grid electricity use and constitute some 94% of our annual energy consumption. Over the last 5 years:

- > our Scope 2 Greenhouse Gas carbon equivalent emissions have been reduced by 10.3%; and
- > our carbon intensity emissions (carbon emissions compared to revenue growth) have been reduced by 25.0%.

These reductions have been achieved by further investment in our energy efficiency programmes such as motion sensor lighting, energy efficient lamps, power-saver adaptors and zoned motion sensor lighting in both new and existing stores. Our programme of re-lamping stores with energy efficiency LED lighting is to be continued in the year ending 31 March 2014.

## 2. EXECUTIVE SUMMARY (continued)

### Increases in Solar Electricity Generation

Our solar electricity generation achievements are as follows:

- > the income generated from our installations has increased by 126% in 2013 compared to the average achieved in 2011 and 2012;
- > three large capacity (50 kWp) solar installations at New Cross, Chiswick and Barking stores began contributing carbon free electricity in 2013; these installations contributed about 20% of each stores' electricity use;
- > solar electricity generation displaced £23,277 of National Grid electricity costs in 2013; and
- > solar electricity use in 2013 has saved 108 tonnes of carbon equivalent emissions.

### Scope 1 and Scope 3 Low Emission Measurements

Scope 1 emissions are 'Direct' or 'On Site' emissions and make up just 4.6% of our total carbon footprint. They are mainly from the natural gas heating in eight of our twelve flexi-office stores and also from coolant replacement in air conditioned areas.

Scope 3 emissions are from our waste and water supply chains. Average residual waste to landfill represents only 0.13% of our combined Scope 1, 2 and 3 emissions.

For the first time, in this financial year we measured our water use and waste water treatment by metered data from water supplier invoices, to assess the significance of these Scope 3 emissions on our business; they represent only 0.14% of our combined Scope 1, 2 and 3 emissions.

### The Queen's Award for Innovation and Sustainable development

This award was presented to Big Yellow for recognising our outstanding achievement in "Innovation and Sustainable Development". The Award is only presented to a limited number of companies each year, and in April 2012 we were very proud to have been one of them.

### 'Green Star' Rating by the Global Real Estate Sustainability Benchmark ("GRESB")

We were recognised as a pan European "sector leader in sustainable development" by the GRESB report. GRESB awarded us with a "Green Star Award" for the third consecutive year, with a global ranking of 9 out of 455 participating companies.

## 3. ENERGY USE, GREENHOUSE GAS EMISSIONS AND SOLAR ELECTRICITY GENERATION

### Key performance indicators for annual energy use and GHG emissions

In reporting our total carbon footprint from emissions we express our total energy use, including Scope 1 and Scope 2 emissions from National Grid supplied electricity, natural gas, gas oil, diesel and self generated solar electricity as kWh and compare their significance as percentages of our total use.

#### Total energy use

All annual energy uses (kWh)	2011*	2012	2013
Absolute Energy Use (KWh)	14,904,835	14,554,103	<b>14,769,872</b>

\* 2011 is our baseline year for performance measurement against peak energy use and growth.

Electricity supplied from the National Grid currently accounts for 93.8% of our energy use for store lighting (c. 60% of store energy use) and reception area air conditioning (c. 30% of store energy use). Only 4.6% of energy use is from natural gas heating for our flexi-offices. Absolute energy use increased in 2013 due to increased customer occupancy, one new store opening (Chiswick), the expansion of storage space at 7 stores (phase 2 fit out works), and an increased demand for flexi-office winter heating. However, a reduction in energy use of 0.9% was still achieved in 2013, compared to the average energy use over the last two years (14,661,987 kWh), a method used by carbon reduction certification bodies. This reduction was due to our continued energy efficiency programmes and the slowdown in new store development growth.

#### Long term store electricity use

Five year summary of store grid electricity use (kWh)	2009*	2010	2011**	2012	2013
Electricity use (kWh)	12,866,186	12,730,855	13,925,217	13,674,944	<b>13,846,253*</b>
'Like for like' electricity use (kWh)	12,866,186	12,155,700	12,841,965	12,102,561	<b>11,889,908</b>

\* Long term baseline year (2009) comparator

\*\* Peak electricity use (2011) for short term performance comparator

+ Indicates data reviewed by Deloitte as part of their assurance work. See page 54 for the independent assurance report.

A five year summary of our main energy use shows a 'peak' in the year ended 31 March 2011. This peak electricity use follows a period of six new store openings per year in 2009 and 2010, followed by increases in operational electricity use due to our growing store occupancy and customer numbers. The annual electricity use in the year ended 31 March 2013 was 0.6% less than our peak year of 2011. We have chosen 2011 as our performance baseline year for comparing shorter term energy and carbon emission. To assess the performance of our energy efficiency programmes in the longer term, we have also compared 'like for like' stores in the table above. These stores' electricity use indicates a reduction of 7.6% from the longer term baseline year of 2009.

## Corporate Social Responsibility Report (continued)

### 3. ENERGY USE, GREENHOUSE GAS EMISSIONS AND SOLAR ELECTRICITY GENERATION (continued)

#### Scope 2 Carbon Emissions

##### Electricity GHG carbon equivalent emissions

Scope 2, 'same store' electricity use (kWh) five year summary GHG emissions (tCO <sub>2</sub> e)	2009*	2010	2011	2012	2013
'Same Stores' (kWh)	12,866,186	12,155,700	12,841,965	12,102,561	<b>11,889,908</b>
GHG (tCO <sub>2</sub> e)	6,896	6,392	6,683	6,298	<b>6,187</b>
Kg CO <sub>2</sub> e / £ Revenue	0.12	0.11	0.11	0.10	<b>0.09</b>

\* Baseline year (average kWh use 2009 – 2012 = 12,466,603 kWh)

Scope 2 Greenhouse Gas carbon emissions have been reduced by 10.3% over the last 5 years. When considering carbon emissions compared to revenue growth over this period, our carbon intensity emissions have reduced by 25%. This reduction has been achieved by the investment in our energy efficiency programmes such as motion sensor lighting, energy efficient lamps, power-saver adaptors and zoned motion sensor lighting in both new and existing stores. In the year ended 31 March 2013, a new programme began of re-lamping stores with energy efficiency LED lighting and this is to be continued in the year ending 31 March 2014.

#### Scope 1 Carbon Emissions

##### Direct GHG carbon equivalent emissions

Scope 1 GHG emission (tCO <sub>2</sub> e)	2011*	2012	2013
Absolute GHG (tCO <sub>2</sub> e)	168.5	143.0	<b>336.8</b>

\* Baseline year (2011)

Scope 1 emissions are 'Direct' or 'On Site' emission and make up only 4.6% of the total carbon footprint of the Group, mainly from natural gas heating in eight of our twelve flexi-office stores and also from coolant replacement in air conditioned areas. These emissions increased in the relatively colder 2013 winter period compared to previous years. Also, there was the unexpected replacement of coolant which occurred in two stores this year and this is expected to reduce in subsequent years.

#### Scope 1 and 2 Carbon Emissions (excluding coolant and van diesel)

Carbon intensity emissions / gross internal area and customer occupancy	2011*	2012	2013
Total Absolute kgCO <sub>2</sub> e	7,367,766	7,218,623	<b>7,337,883</b>
Kg CO <sub>2</sub> e / GIA m <sup>2</sup>	13.5	12.6	<b>12.6*</b>
Kg CO <sub>2</sub> e / Occupied space m <sup>2</sup>	34.2	29.9	<b>30.1</b>

\* Baseline year (2011)

+ Indicates data reviewed by Deloitte as part of their assurance work. See page 54 for the independent assurance report.

Scope 1 and Scope 2 emissions for store electricity and gas use, which are the main energy supplies used by the Group, show reductions in the years ended 31 March 2012 and 2013 compared to the base year of 2011. Emissions per gross internal floor area have also reduced since the 2011 base year. Store emission reductions per occupied space showed a reduction of 12.0% when compared to the baseline year 2011, reflecting the higher growth in occupancy at our stores compared to the absolute changes in the Scope 1 and 2 emissions.

#### Scope 1 and 2 Total Carbon Footprint (Including store electricity, gas, coolant, generator gas oil and van diesel)

Total Carbon footprint (scope 1 & 2 GHG carbon equivalent emissions (tCO <sub>2</sub> e)	2011*	2012	2013
Total Scope 1 & 2 GHG Emissions (tCO <sub>2</sub> e)	7,450	7,319	<b>7,542*</b>
'Same store' GHG Emissions (tCO <sub>2</sub> e)	7,450	7,113	<b>7,182</b>
Kg CO <sub>2</sub> e / Annual Revenue (£)	0.12	0.11	<b>0.10</b>

\* Baseline year (2011)

+ Indicates data reviewed by Deloitte as part of their assurance work. See page 54 for the independent assurance report.

The total carbon footprint for all activities in 2013 increased from the 2011 baseline year due to increased occupancy, new store openings and extensions to existing storage areas. The 'same store' emissions showed reductions in 2012 and 2013 when compared to the 2011 baseline year. The wider scope 1 and 2 carbon intensity performance per revenue, shows a more consistent reduction over the last three years.

### 3. ENERGY USE, GREENHOUSE GAS EMISSIONS AND SOLAR ELECTRICITY GENERATION (continued)

#### Summary of solar electricity programme

Since 2008, we have invested in solar panel installations at 15 stores (23% of our portfolio), utilising the large roof spaces on each of our developments. To date these installations have generated 588 MWh of electricity for store use.

Solar electricity generation, income and percentage of use	2011*	2012	2013
Annual solar generation (kWh)	107,074	130,380	<b>207,091*</b>
Feed in Tariff income (£)	25,848**	25,848**	<b>58,314</b>
Solar electricity (kWh) percentage (%) of solar stores (15)	4.8	5.4	<b>7.4</b>
Solar electricity (kWh) percentage (%) of whole portfolio	0.8	0.9	<b>1.5*</b>

\* Baseline year

\*\* Feed in Tariff payments backdated to April 2010, were paid in June 2011. We have averaged these across the 2 years as we are unable to indicate the exact yearly amounts.

+ Indicates data reviewed by Deloitte as part of their assurance work. See page 54 for the independent assurance report.

Average annual solar electricity generation for the years ended 31 March 2011 and 2012 was 118,727 kWh, indicating an increase in solar electricity of 74.4% in 2013. Solar electricity now contributes 7.4% of our total electricity use in the 15 stores with solar installations and benefits Big Yellow as it displaces 5-20% of our grid electricity supply at those stores. Solar generation reduces our grid electricity dependency and our carbon tax. It also increases cost savings and generates revenue.

The solar electricity generation achievements have been as follows:

1. Income for the years ended 31 March 2011 and 2012 averaged £25,848 per year and increased by 125.6% to £58,314 in 2013, due to the contribution from our newest and larger capacity installations;
2. Three large capacity (50 kWp) solar installations at New Cross, Chiswick and Barking stores have contributed significant increases in generating carbon free electricity, amounting to approximately 20% of each stores' electricity use;
3. Solar electricity generation has displaced Grid electricity costs of £23,277; and
4. Solar electricity use has saved 108 tCO<sub>2</sub>e+, from carbon taxation (amounting to a saving of £1,296).

#### Summary of energy efficiency investment programme and medium to long term objectives

In the year ended 31 March 2013, Big Yellow continued with its energy efficiency and carbon reduction programmes. We committed to reduced absolute energy use, and in particular electricity carbon equivalent emissions and carbon intensity emissions, and achieved the following strategies and objectives:

1. All new stores will now have energy saving motion sensor lighting and high efficiency internal and external LED lighting as standard;
2. All stores with T8 lights will be included in the LED investment programme for 2014 to gain an estimated 60% reduction in lighting electricity use at those stores;
3. To improve upon our 'same store' kWh absolute reductions of 7.6% and 10.3% of Scope 2 emissions, year-on-year, over the next three years;
4. To improve upon our Scope 2 carbon intensity emissions per revenue which achieved a 25% reduction over the past five years;
5. To improve upon our Scope 1 and 2 carbon intensity emission reductions by gross internal floor area of 6.7% and by customer occupied space of 12.4% over the past three years;
6. To reduce total 'same store' GHG carbon equivalent emissions of 4.1% as a consequence of the LED lighting and improved capacity and maintenance of the solar installation portfolio; and
7. We have completed the installation of eight smart meters on gas supplies to our flexi-offices, in addition to 22 smart meters on electricity supplies to stores, in order to improve the accuracy of our energy consumption data and avoid estimations.

#### Future Store Lighting Energy Efficiency Programme

Following the conversion of 15 of our stores to LED lighting (from T8 lighting), we aim to convert a further 35 stores to this system and re-lamp some of our external signage with LED in the financial year ending 31 March 2014. In 2015, we will review the remaining stores, signage and external lighting, as longer term investment programmes and these will be determined by changes in lighting technology, returns on investments and the price of our supplied electricity at that time.

#### Scope 3 Carbon Emissions

##### Store Waste Management and Voluntary Scope 3 GHG Emissions in our Supply Chain

Sorting, Recycling and Further Recycling at Landfill of Waste	2011*	2012	2013
Store Waste (t)	266	263	<b>259</b>
Store Sorted Waste and Contractor Recycled (t)	191.5	189.4	<b>189.3</b>
Waste to landfill (municipal classification) (t)	74.5	73.6	<b>69.2</b>
Recycle once sent to landfill (50%) (t)	37.3	36.8	<b>34.6</b>
Municipal Waste Landfill GHG emissions (kgCO <sub>2</sub> e)	10,817	10,672	<b>10,034</b>

\* Baseline year (2011)

## Corporate Social Responsibility Report (continued)

### 3. ENERGY USE, GREENHOUSE GAS EMISSIONS AND SOLAR ELECTRICITY GENERATION (continued)

#### Scope 3 Carbon Emissions (continued)

In May 2011 we changed our waste contractor to a new supplier that recycles and manufactures cardboard, in addition to providing standard waste collection services. Our average store waste for 2012 and 2013 (261t) reduced by 1.8% against the 2011 baseline tonnage. Average sorted waste for 2012 and 2013 was 189.4t and reduced slightly by 1.1% compared to the baseline year 2011. Average residual waste sent to landfill for 2012 and 2013 was 35.7t after further sorting and recycling. This provided a reduction of waste to landfill of 4.3%. This waste is estimated to be responsible for 10 tCO<sub>2</sub>e GHG carbon equivalent emissions within our waste supply chain. Compared to our carbon footprint of 7,542 tCO<sub>2</sub>e, this represents only 0.13% of our combined Scope 1 and 2 total emissions.

#### Construction Waste Management

This financial year Big Yellow Construction completed the 'fit-out' of our Chiswick store which opened on 30 April 2012, and this generated some residual construction waste. One new store development is planned in 2014 at Gypsy Corner.

Construction 'fit-out' waste management performance	2011	2012	2013
Total tonnage (t)	147.5	152.3	12.9
Percentage of waste recycled (%)	93.2	96.0	100.0
Plasterboard 100% recycled volume (m <sup>3</sup> )	104.0	34.0	–

Big Yellow Construction achieved 100% recycling of residual waste at Chiswick, including cardboard, plastics and metals which are in demand from supplier 'take back' schemes.

#### Store Water Use and Voluntary Scope 3 Supply Chain Waste Water Treatment Scope 3 GHG Emissions

For the first time, in this financial year we measured our water use and waste water treatment by metered data from water supplier invoices, to assess the significance of this aspect of our business on the environment.

Big Yellow Store Operations Water Use	2013
Store water use (m <sup>3</sup> )	10,175
GHG emissions (tCO <sub>2</sub> e)	3.5
Store waste water treatment (m <sup>3</sup> )	10,105
GHG emissions (tCO <sub>2</sub> e)	7.2

We estimated that our stores and offices used 10,175 m<sup>3</sup> of water in the financial year ended 31 March 2013, and that the GHG carbon equivalent emissions from our water supply chains (3.5 tCO<sub>2</sub>e) and water treatment (7.2 tCO<sub>2</sub>e) amounted to a total of 10.7 tCO<sub>2</sub>e. Compared to our total carbon footprint of 7,542 tCO<sub>2</sub>e, this represents only 0.14 %.

### 4. STAKEHOLDERS

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

#### 4.1 The media, staff and customers

Big Yellow launched a new dedicated ECO web page and 'Our Big Green Commitment' in January 2013, and customers and staff were invited to provide feedback. Their response was very positive and this has been a good opportunity to raise more awareness of the 'Green Consumer Market' and the 'triple bottom line' [integrating the financial, environmental and ethical aspects of our business into decision making approach that we have adopted at Big Yellow]. Various other initiatives will be considered to raise awareness of our ECO web page to existing and potential business customers, who may want to include Big Yellow in their 'Green' supply chain.

#### 4.2 Government Legislation and Standards:

##### The Carbon Reduction Commitment ("CRC")

Big Yellow achieved a position in the top third of over 2,000 UK companies that participated in the Governments second CRC Energy Efficiency Scheme League table in 2013. The table details the relative performance of all participants against their absolute and relative carbon emissions.

##### The Queen's Award for Enterprise in 'Sustainable Development'

This award was presented to Big Yellow for recognising our outstanding achievement in "Innovation and Sustainable Development". The Award is only presented to a limited number of companies each year, and in April 2012 we were very proud to have been one of them. To achieve this recognition, we described our approach to how we managed customer relationships over a five year period. We explained how we contributed to the environmental dimension of sustainable development through operational energy efficiency, increased waste recycling and enhanced biodiversity. The Queen's Award for Sustainable Development has provided customer PR communication opportunities through Twitter, a section in the Queen's Award Magazine, and a ceremony presentation at our new Chiswick Store. Our Award was also noted on the Financial Times website with a link to our IR website.

#### 4. STAKEHOLDERS (continued)

##### 4.3 Investor Communications:

We were recognised as a pan European sector “leader in sustainable development” by the Global Real Estate Sustainability Benchmark (“GRESB”). GRESB awarded us a ‘Green Star Award’ for the third consecutive year, with a global ranking of 9 out of 455 participating companies and a global peer group ranking of 1 out of 9. Our overall score was 76%, with sub scores of 88% for sustainability ‘management and policy’ and 73% for ‘implementation and measurement’.

We were also rated by The Carbon Disclosure Project, within the CDP FTSE 350 Climate Change Report as ‘67’ (2012). Previous ratings were: ‘65’ (2010) and ‘58’ (2008).

During the next year we will continue to participate in Government programmes and industry awards to measure our CSR performance against our peer group and to provide our Stakeholders with an “independent measurement” of our CSR activities and services.

#### 5. STORE DESIGN AND CONSTRUCTION

Our Chiswick store opened at the start of the financial year and has an enhanced landscape area, including border trees, shrubs and a ‘Green’ roof to encourage wildlife habitat and local biodiversity. All new stores since December 2009 have been designed with more energy efficient LED external signage lighting. From December 2013, 15 energy efficient LED lighting installations were completed.

The tables below summarise the eco-efficient specifications and installations in our stores presented in order of opening:

##### Store Building Portfolio Sustainable Development and Operational Design, Specifications and Certification

Store	LED	MSL	AMR	Solar	GSHP	RWH	ECO	GTP	EPC	BREEAM
Richmond	✓	✓	✓	✓					✓	
Croydon			✓							
Oxford	✓	✓	✓							
Hanger Lane			✓							
Slough	✓	✓	✓							
Cheltenham	✓	✓	✓							
Milton Keynes			✓							
Romford	✓	✓	✓							
Staples Corner			✓							
Southend	✓	✓	✓							
Luton			✓							
Wandsworth	✓	✓	✓							
Dagenham			✓							
Norwich	✓	✓	✓				✓			
Portsmouth	✓	✓	✓							
Cardiff	✓	✓	✓							
Ilford			✓							
Battersea			✓							
Hounslow			✓							
New Malden	✓	✓	✓							
Guildford			✓				✓			
Brighton			✓							
Bow	✓	✓	✓							
Colchester	✓	✓	✓							
West Norwood			✓							
Finchley North			✓							
Chelmsford			✓							
Byfleet			✓							
Orpington			✓							
Swindon			✓							
Watford	✓	✓	✓							
Tolworth			✓							
Beckenham			✓							
Leeds	✓	✓	✓							
North Kensington			✓							
Bristol Central			✓							
Tunbridge Wells			✓							
Finchley East			✓							
Bristol Ashton Gate			✓				✓			
Kingston			✓							

# Corporate Social Responsibility Report (continued)

## 5. STORE DESIGN AND CONSTRUCTION (continued)

### Store Building Portfolio Sustainable Development and Operational Design, Specifications and Certification (continued)

Store	LED	MSL	AMR	Solar	GSHP	RWH	ECO	GTP	EPC	BREEAM
Edmonton			✓							
Gloucester			✓							
Sutton		✓	✓			✓	✓			
Ealing Southall		✓	✓				✓			
Barking		✓	✓	✓		✓	✓		✓	
Balham		✓	✓	✓	✓		✓	✓		
Fulham		✓	✓	✓	✓		✓		✓	
Merton		✓	✓	✓		✓	✓			
Kennington		✓	✓	✓	✓					
Sheffield Hillsborough		✓	✓				✓		✓	
Sheen*		✓	✓	✓	✓		✓	✓	✓	✓
Birmingham		✓	✓	✓				✓	✓	
Bromley		✓	✓	✓	✓		✓		✓	
Liverpool Edge Lane		✓	✓			✓	✓		✓	
Twickenham**		✓	✓	✓			✓		✓	
Edinburgh		✓	✓	✓			✓		✓	
Nottingham		✓	✓	✓			✓		✓	
Poole		✓	✓				✓		✓	
Sheffield Bramall Lane		✓	✓			✓	✓		✓	
Reading ***	✓	✓	✓	✓			✓	✓	✓	✓
High Wycombe	✓	✓	✓				✓		✓	
Camberley	✓	✓	✓	✓			✓	✓	✓	
Eltham	✓	✓	✓				✓	✓	✓	
Stockport	✓	✓	✓				✓	✓	✓	
New Cross	✓	✓	✓	✓			✓		✓	
Chiswick	✓	✓	✓	✓			✓	✓	✓	

**LED** – Internal Light Emitting Diode lamps of high efficiency (65%) and longer lifetime / LED in external signage from Reading onwards\*\*\*

**MSL** – Motion Sensor Lighting / Zoned MSL with energy saving timers

**AMR** – Automatic Meter Readings for accurate electricity and gas use data measurement (including half hourly meters)

**Solar** – Solar panel installations for up to 20% carbon free electricity generation on store roofs

**GSHP** – Ground Source Heat Pumps that provide heating / cooling by heat exchange from boreholes

**RWH** – Rain Water Harvesting systems collect rain water from roofs or sups for WC / soft landscape irrigation

**ECO** – Green roofs / walls / soft landscape providing water retention, drainage and 'Urban Green House' cooling effects

**GTP** – Green travel plans provide guidance for staff modes of transport other than the car

**BREEAM** – Building Research Establishment Environmental Assessment Methodology ratings \* Sheen and Reading BREEAM 'Excellent'

**EPC** – Energy Performance Certificate for building efficiency

## 6. HEALTH AND SAFETY

Our Health and Safety Policy covers all of our stores, our head office, our distribution warehouse at Maidenhead and our 'Fit-out' construction sites. Incidents are recorded on staff, customers, contractors and visitors. A Health and Safety Committee meets on a quarterly basis and consists of Directors and Managers from Operations, Facilities Management and Construction. The Board receives bi-monthly reports which monitor Health and Safety performance. Annual Store Health and Safety Meetings take place for all stores and our distribution warehouse. Agendas are provided for these meetings via the Intranet from Facilities Management files and the minutes are reviewed by Area Managers to raise any issues with Facilities Management or Human Resources where necessary. Health and safety performance and incidents are reported as recorded in the table below.

### 6.1 Big Yellow Self Storage customers, contractors and visitors

Store customer, contractor and visitor health and safety	2011	2012	2013
Total number of customers (move-ins during the year)	51,049	57,604	65,807*
Number of Minor injuries	41	43	34*
Number of Reportable injuries	–	–	3*
RIDDOR* per 100,000 customers	–	–	4.6*

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

+ Indicates data reviewed by Deloitte as part of their assurance work. See page 54 for the independent assurance report.

There were no 'fatal injuries', 'notices' or 'prosecutions' during 2013. However, three 'reportable injuries' and 34 'minor injuries' were recorded against an increase in customer 'move-ins' to 65,807, compared to average customer move-ins of 54,325, for the financial years ended 31 March 2011 and 2012. This represented an increase in move ins of 21%. 'Reportable injuries' increased due to a change in definition of reportable injuries including injuries 'not deemed to be the fault of Big Yellow' [with effect from January 2013] and increased customer occupancy. Minor injuries reduced from an average of 42, in the two previous years to 34 in 2013, [a reduction of 19%] indicating an increased awareness by our customers of self storage health and safety.

## 6. HEALTH AND SAFETY (continued)

Minor injuries were predominantly related to the handling of personal or business possessions by our customers of their removers. An improved staff induction manual (introduced in 2012) has raised awareness for our staff on safely handling packaging materials, room clearances and in assisting customers.

### 6.2 Big Yellow Self Storage staff

Store and head office staff health and safety	2011	2012	2013
Average number of staff	273	279	286*
Number of Minor injuries	19	12	16*
Number of Reportable injuries ("RIDDOR")	1	–	3*
Annual injury incidence rate ("AIR") per 100,000 staff	366	–	1,049*

+ Indicates data reviewed by Deloitte as part of their assurance work. See page 54 for the independent assurance report.

There were no 'fatal injuries', 'notices' or 'prosecutions'. However, there were three 'reportable injuries' for Big Yellow staff, partly due to a change in definition of 'reportable injuries' to include 'injuries not deemed to be the fault of Big Yellow' in January 2013, which were previously excluded from the scope of reporting. Minor injuries remained on average 14 for 2012 and 2013 when compared to 2011. Our Staff were given additional 'Manual Handling' training last year.

### 6.3 Big Yellow Construction Company Limited

Construction fit-out contractors and visitor health and safety	2011	2012	2013
Number of Total man days	6,431	6,511	610*
Number of Minor injuries	1	1	–
Number of Reportable injuries ("RIDDOR")	1	–	–

+ Indicates data reviewed by Deloitte as part of their assurance work. See page 54 for the independent assurance report.

This year, although minor amounts of fitting out works took place at our stores, high safety standards were maintained.

No 'fatal injuries', 'notices', 'reportable injuries' or 'prosecutions' occurred indicating a well controlled environment for staff, contractors and visitors on site. Health and safety performance continues to be reviewed in preparation for a new store development in 2014.

## 7. CSR PROGRAMME FOR THE YEAR ENDING 31 MARCH 2014

The CSR programme will continue to focus on energy efficiency, carbon reduction, renewable energy generation and waste reduction. This year our programmes, objectives and targets are highlighted in the table below:

Strategy	Programmes	Objectives / targets
<b>Carbon Emissions and Investor Communications</b>	Submit reported carbon performance data to the Carbon Disclosure Project–FTSE4 Good 2013 Index Series, to improve annual emission ratings.	Improve upon 2012 score (67) for total scope 1 and 2 emissions and increase Scope 3 reporting.
<b>Sustainable Development Investor Communications</b>	Submit CSR performance data to the annual Global Real Estate Sustainability Benchmark survey data.	Strengthen and maintain the leading position of our sustainable real estate portfolio.
<b>The Carbon Reduction Commitment ("CRC")</b>	Submit reported carbon performance data to the Carbon Reduction Commitment ("CRC") Energy Efficiency Scheme in their Annual report to the Environment Agency by July 2013.	To achieve a position in the upper quartile of the UK CRC league table.
<b>Energy Efficiency</b>	Continue the energy efficient LED re-lamping programme with a further 35 stores in the year to 31 March 2014.	Reduce absolute lighting kWh use and tCO <sub>2</sub> e emissions by 30% over the next three years.
<b>Increase Solar Energy Generation and Revenues</b>	Increase solar PV monitoring and maintenance to optimise electricity generation of our solar PV portfolio.	Increase solar electricity generation as a percentage of the whole store portfolio to 5% and to > 10% for the solar stores, over the next three years. Increase Feed in Tariff revenues by 10% over the next year.
<b>Store Waste Recycling</b>	Improve recycling rates and reduce Scope 3 emissions.	A reduction in landfill waste tonnage and carbon equivalent emissions of 1.5%.
<b>Store Water Use</b>	Acquire more complete and accurate water volume data from our suppliers	Reduce our supply chain water use and water treatment emissions by 1%.

More details of CSR policies, previous reports and awards can be found on our investor relations web site at <http://bigyellow.hsprod.investis.com/csr>.

# Independent assurance statement by Deloitte LLP ('Deloitte') to Big Yellow Group PLC ('Big Yellow') on their Corporate Social Responsibility Report 2013 ('Report')

## What we looked at: scope of our work

Big Yellow engaged us to perform limited<sup>+</sup> assurance procedures on selected corporate social responsibility (CSR) performance indicators for the year ended 31 March 2013. The assured data are indicated by the + symbol in the Report.

Carbon footprint indicators:

- > Absolute carbon dioxide emissions (tCO<sub>2</sub>e)
- > Store electricity emissions (tCO<sub>2</sub>e)
- > 'Fit out' diesel and electricity emissions (tCO<sub>2</sub>e)
- > Store flexi-office gas emissions (tCO<sub>2</sub>e)
- > Carbon intensity (Kg CO<sub>2</sub>e /m<sup>2</sup> gross internal area)
- > Carbon intensity (Kg CO<sub>2</sub>e /m<sup>2</sup> occupied space)
- > Carbon dioxide saved by renewable energy (tCO<sub>2</sub>e)

Electricity use and renewable energy generation:

- > Electricity use (kWh)
- > Total renewable energy (kWh)
- > Renewable energy percentage of total energy use

Staff health and safety:

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

## What we found: our assurance opinion

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.

## What standards we used: basis of our work and level of assurance

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 is designed to give a similar level of assurance to that obtained in the review of interim financial information.

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

## What we did: our key assurance 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'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's systems through interview with management responsible for CSR management and reporting systems at corporate head office
- > Reviewing the systems and procedures to capture, collate, validate and process source data for the assured performance data included in the Report

## Big Yellow's responsibilities

The Directors are responsible for the preparation of the Report and for the information and statements contained within it. They are responsible for determining the CSR goals, performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

## Deloitte's responsibilities, independence and team competencies

Our responsibility is to independently express a conclusion on the performance data for the year ended 31 March 2013. We performed the engagement in accordance with Deloitte's independence policies, which cover all of the requirements of the International Federation of Accountants Code of Ethics and in some cases are more restrictive. We confirm to Big Yellow 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 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 for our work, for this report, or for the conclusions we have formed.

## Deloitte LLP

London, United Kingdom  
15 May 2013

\* The levels of assurance engagement are defined in ISAE 3000. A reasonable level of assurance is similar to the audit of financial statements; a limited level of assurance is similar to the review of a half year financial report.

## Directors' Report

The Directors present their annual report on the affairs of the Group, together with the audited financial statements and auditor's report for the year ended 31 March 2013. The Report on Corporate Governance on pages 36 to 42 forms part of this report.

### 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 16 and 17. Detailed Business and Financial Reviews have been prepared and are set out on pages 18 to 29, and more specifically as follows:

- > the business objectives and strategy is set out on page 17;
- > the financing objectives are set out on page 40;
- > the Group's going concern review is set out on page 41;
- > the principal risks and uncertainties within the business are set out in the Risk Management section on page 39; and
- > the key quantitative and qualitative performance indicators are included within the Highlights (see page 14), Portfolio Summary (see page 30) and Financial Review (see page 24).

The Chairman's statement, the Business Review, the Financial Review, the Report on Corporate Governance 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 on page 40, and notes 2 and 18 to the financial statements.

### Results and dividends

The consolidated statement of comprehensive income is set out on page 72 of the financial statements.

The Directors are recommending the payment of a final dividend of 6 pence per share for the year (2012: 5.5 per ordinary share). An interim dividend of 5 pence per share was paid in the year (2012: 4.5 per share). A property income dividend of 8 pence is payable for the year, of which 5 pence per share was paid with the interim dividend, and 3 pence per share was proposed for the final dividend.

Subject to approval by shareholders at the Annual General Meeting to be held on 19 July 2013, the final dividend will be paid on 24 July 2013. The Ex-Div date is 12 June 2013 and the Record date is 14 June 2013.

### 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, and details of shares held in treasury and by the Company's Employee Benefit Trust are set out in note 22.

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 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 Report on Corporate Governance on page 36.

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 369,935 shares to satisfy the exercise of share options (2012: 332,519).

## Directors' Report (continued)

### Directors and their interests

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

Philip Burks  
Tim Clark  
Richard Cotton (appointed 10 July 2012)  
James Gibson  
Steve Johnson  
Adrian Lee  
Mark Richardson  
Jonathan Short (resigned 10 July 2012)  
John Trotman  
Nicholas Vetch

Details of the interests of the Directors in the shares of the Company (including share options) are set out in the Report on Directors' Remuneration on pages 59 to 68.

Biographical details of the Executive and Non-Executive Directors are set out on page 70.

### 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 with the exception of Philip Burks, will offer themselves for re-election at the Annual General Meeting.

The biographies of all Directors standing for re-election are included on page 70.

### 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 2013 were 25 days (2012: 21 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 2013 are shown in notes 13a and 14 to the financial statements. Further commentary on our investment property portfolio is contained in the Business and Financial Review.

### Disclosure of Greenhouse Gas ("GHG") Emissions

#### Companies Act 2006; Climate Change, the GHG Emissions Director's Reports Regulations 2013

This year the UK Government announced that all firms listed on the London Stock Exchange will have to disclose their GHG emissions in their Directors' Reports. The new rules are intended to encourage companies to better manage their impact on the environment, their energy consumption and the link between profitability and GHG emissions growth. Using resources responsibly is in our business's own interests.

From October 2013, all listed companies are required to report annual quantities of GHG emissions (measured as Carbon Dioxide Equivalent (CO<sub>2</sub>e)) as follows:

- > Scope 1 – direct emission sources, such as our flexi-office gas heating, construction fit out generator 'gas oil', Company van diesel fuel, and store portfolio coolers and air conditioner top up or replacement;
- > Scope 2 – indirect or offsite power station electricity supply to our stores; and
- > Scope 3 – other voluntary GHG emissions, in particular from our waste and water supply chains.

In preparation for this regulation we have revised our "Basis of Reporting" methodology and restated CSR data from our financial years ended 31 March 2011 and 2012, as comparator years for 2013 and future years.

### Summary of Scope 1 and 2 Total Carbon Footprint (GHG carbon equivalent emissions (tCO<sub>2</sub>e))

Including store electricity, gas, coolant, generator gas oil and van diesel	2011*	2012	2013
Total Scope 1 and 2 GHG Emissions (tCO <sub>2</sub> e)	7,450	7,319	<b>7,542</b>
'Same Store' GHG Emissions (tCO <sub>2</sub> e)	7,450	7,113	<b>7,182</b>
Kg CO <sub>2</sub> e / Annual Revenue (£)	0.12	0.11	<b>0.10</b>

\* Baseline year (2011)

The total carbon footprint for all Big Yellow activities in 2013 increased from the 2011 baseline year due to increased store occupancy, new store openings and extensions to our existing storage areas. However, the 'same store' emissions showed reductions in 2012 and 2013 when compared to the 2011 baseline year. The wider measurement of Scope 1 and 2 carbon intensity performance per revenue, shows a more consistent reduction over the last three years.

We have complied with the following assurance requirements in our Report:

- > used our 'financial control' organisational boundary to identify our Scope 1 and 2 emissions;
- > disclosed relevant information on 'absolute carbon' and 'carbon intensity' emissions; and
- > provided relevant data that can be disclosed annually for comparison.

A 'peak energy use' base year, depending on new store development and customer occupancy growth, was identified as the year ended 31 March 2011.

Further information on GHG emissions and on other sustainable initiatives at Big Yellow is provided in our Corporate Social Responsibility Report.

### Donations

Charitable donations totalling £25,000 (2012: £20,000) were made to UK resident charities in the year. The Group also provided free storage to certain selected charities during the year forgoing income of £530,000 (2012: £526,000).

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 20 May 2013, 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
FMR LLC	16,995,602	12.0%
Directors	16,501,308	11.7%
Old Mutual PLC	7,118,200	5.0%
Blackrock Inc	6,620,239	4.7%
AXA SA	6,578,222	4.7%
Morgan Stanley Invs Mgmt Ltd	6,248,875	4.4%

These holdings were unchanged from those that the Company had been notified of at 31 March 2013, with the exception of FMR LLC, whose holding at 31 March 2013 was 16,820,179, representing 11.9% of the issued share capital.

### 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 frequently held in stores 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.

## Directors' Report (continued)

### 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 52 and 53.

### Annual General Meeting

The notice for the 2013 Annual General Meeting is distributed as a separate document. The meeting will be held at Holborn Bars, 138-142 Holborn, EC1N 2NQ on 19 July 2013.

### Auditor and disclosure of information to auditor

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 each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- > each Director 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 auditor is aware of that information.

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

### Auditor

The auditor, Deloitte LLP has expressed their willingness to continue in office as auditor 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  
20 May 2013

# Remuneration Report

## Introduction from the Remuneration Committee Chairman

Dear Shareholder

I am pleased to introduce the Directors' Remuneration Report for the year ended 31 March 2013. This report has been prepared by the Remuneration Committee and approved by the Board.

The Group's performance has been strong given the underlying economic conditions and the imposition of VAT on self storage in October, with another year of revenue, earnings, cash flow and dividend growth. The Group has also completed the full refinancing of its banking facilities and raised £35.8 million through an equity placing during the year.

The Committee believes that 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, the successful early refinancing in 2008 of facilities due to expire in 2010, securing in April 2012, through the new loan from Aviva, the first ever long-term loan by an insurance company to self storage in Europe, and the equity placing in January 2013. It is this strength that the Committee looks to reflect in the approach to remuneration.

The Committee has reviewed, in the context of the current climate surrounding executive remuneration, the various new rules and proposals issued during the year which have an impact on the remuneration of executives of listed companies. These included the proposals on executive remuneration and narrative reporting issued by the Department for Business Innovation and Skills which do not apply to the period covered by this year's report. Notwithstanding this, we have incorporated in this report those of the proposals which can practically and usefully be included given the timing of the report and the detailed aspects of the proposed requirements which are currently available. This is in accordance with the Committee's objectives of ensuring that the Company adheres to best practice in the level and transparency of disclosure of executive remuneration and the link between pay and performance. Last year, we received feedback from shareholders that, while supporting its adoption, we should given the bespoke nature of the Long Term Bonus Performance Plan, demonstrate that the structure is appropriate for the Group. We have aimed to address this feedback through commentary around the plan mechanics and its alignment with our business strategy in the main section of this Remuneration Report

It is the policy of the Company to ensure that the executive remuneration packages are designed to attract, motivate and retain Directors of a high calibre and reward the executives for enhancing value to shareholders. As a result, a substantial element of the remuneration of the Executive Directors is structured to be dependent on the performance of the Group. In the year ended 31 March 2013, this approach was reflected in the grant of new awards under the Long Term Bonus Performance Plan, following the expiry of the awards under the Plan in the last financial year. Furthermore, the Company is keen to mitigate any risks and safeguard the integrity of the Executive Directors' remuneration packages. Therefore, on the Long Term Bonus Performance Plan, the Remuneration Committee has the ability to adjust any awards that have already provisionally vested if subsequent performance during the three year performance period is below the targets.

In the year ended 31 March 2012, the Committee received external benchmarking advice from Pricewaterhouse Coopers, which indicated that total Executive Director remuneration, in the absence of the Long Term Bonus Performance Plan, was significantly below the level of executives of comparable companies and of executives of FTSE 250 listed companies. In reviewing the remuneration of the Executive Directors for the last financial year, the Committee approved new awards under the plan which, assuming satisfaction of performance conditions and full vesting, would bring the remuneration to a level which is slightly below median for comparable companies and FTSE 250 companies.

During the year, the Committee also reviewed the Long Term Incentive Plan award that had been granted in 2009. Despite a relatively strong performance against the established performance conditions, median performance was not achieved and therefore under the prevailing rules the award did not vest.

Given the Group's continued focus on cost control and in light of the challenging economic environment, the Committee approved a bonus for the Executive Directors for the year ended 31 March 2013 at the same rate (10%) which applied to the Big Yellow head office staff. It has also approved minimal increases in the base salaries – in the order of 2% – for the majority of Executive Directors and a continuing freeze on the levels of pension contributions for the year ending 31 March 2014.

**Tim Clark**

Chairman of the Remuneration Committee

## Remuneration Report (continued)

### UNAUDITED INFORMATION

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 UK Corporate Governance 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 auditor 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.

### Remuneration Committee

The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the Code. The members of the Committee at the year end were Tim Clark, Steve Johnson, Mark Richardson and Richard Cotton, who are all independent Non-Executive Directors. The Committee is chaired by Tim Clark. Georgina Harvey will join the Committee upon her appointment to the Board.

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 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, including companies of a similar size and sector in the FTSE 250;
- > support a high performance culture by rewarding strong performance with appropriate remuneration;
- > maintain a balance of fixed and performance-related pay which delivers appropriate rewards over the short, medium and longer term, with a substantial 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 of 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. The Committee also considers pay and conditions elsewhere in the Group, environmental, social and governance issues and risk when reviewing executive pay quantum and structure. No Director is involved in setting his own remuneration. The remuneration of the Non-Executive Directors is determined by the full Board.

The remuneration package for the year 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.
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	Continue the energy efficient LED re-lamping programme with a further 35 stores in the year to 31 March 2014.	Three year award, based on a series of financial and non-financial targets aligned with the annual business plan to bring remuneration more in line with market levels.
Pension	To ensure that the total remuneration package is more competitive and supports the Company's strategy and its ability to react to changing economic and business circumstances.  To retain key individuals in the medium term and align rewards with shareholder returns.	All executives receive a fixed contribution to their personal pension plans.

Executive Directors' contracts of service which include details of remuneration will be available for inspection at the Annual General Meeting.

Each component of Executive remuneration is explained below.

1. *Basic salary*

Basic salary is determined by the Remuneration Committee at the beginning of each financial 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. 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 2012 and 2013 were as follows:

Director	1 April 2013	1 April 2012	% increase
James Gibson	£278,800	£273,300	2%
Nicholas Vetch	£254,200	£249,200	2%
Adrian Lee	£206,400	£202,300	2%
John Trotman	£180,000	£165,000	9%

The average salary increase across the Group in the year was 2%. 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 and, determined by the Remuneration Committee and based on corporate performance during the year against the Group's business plan for each financial year. There is no deferrable element of the bonus, and it is non-pensionable. The maximum bonus potential is 25% of annual basic salary.

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 in the stores, which is then read across to the head office bonus levels. 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 2013. 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 2013	10%
31 March 2012	10%
31 March 2011	10%
31 March 2010	10%
31 March 2009	Bonus waived by the Directors

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.

Awards are made under the LTIP on an annual basis. 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 Report (continued)

For 2013, 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	2012 grant	2011 grant	2010 grant
James Gibson	92,362	87,807	86,419
Nicholas Vetch	84,218	80,072	78,801
Adrian Lee	62,065	57,080	63,975
John Trotman	62,065	57,080	44,427

The LTIP awards to the Directors remain at the lower end of the market, particularly in light of salary levels for the Executive Directors.

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 (25% to 100%)
Below median	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.

The Committee uses the performance of companies in the FTSE Real Estate Index as the relevant benchmark of the Company's performance. 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 the report on the performance of the 2009 LTIP awards. This report showed that the awards did not vest and have therefore lapsed in full.

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

### *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.

The Committee received external benchmarking advice from Pricewaterhouse Coopers in 2009. The benchmarking advice led the Committee to be concerned that the overall remuneration of the Executive Directors was ceasing to be competitive and, in particular, that salaries were at the lower end of a range of comparable companies. Therefore, rather than increase base salaries and annual bonus potential, the Committee agreed that the most appropriate way to reflect the Group strategy in Executive incentives, was to introduce a new performance based plan, the Long Term Bonus Performance Plan "the LTBP". The plan initially involved the making of one award to each Executive Director covering a three year period from 2009 to 2012.

In the year ended 31 March 2012, the Committee received further external benchmarking advice from Pricewaterhouse Coopers, which indicated total Executive Directors' remuneration was still significantly below market levels. The Committee gave careful consideration to the operation of the LTBP and its support for the Company's strategy through its focus on achieving a range of KPIs. The Committee remained of the view that the most appropriate way to ensure that Executive Directors' remuneration remained competitive, provided incentive and lock-in and minimised cost to the Company was to make a further round of awards under the LTBP. The Committee therefore proposed that new awards covering the three year period to 2015 were made to the Executive Directors in 2012. Unlike for the 2009 awards, no loans were made to the Executive Directors for the new awards; the option value was paid in full up front by each Executive Director. The new awards were approved at the Company's AGM held in July 2012.

The structure of the LTBP is set out below.

#### *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. At least 50% of any payout will be in shares and will be subject to a further lock in.

#### 4. Share incentives (continued)

##### 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 from a set point. Vesting of interests is 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 remains 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 the business plan is changed.

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 actually 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 on average circa 110% of current salary for each performance year.

The awards that were approved at the Annual General Meeting in July 2012 were as follows:

Director	Number of shares in which Director has an interest	Maximum value of award after three years
James Gibson	487,500	£975,000
Nicholas Vetch	337,500	£675,000
Adrian Lee	337,500	£675,000
John Trotman	337,500	£675,000
	1,500,000	£3,000,000

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 interests of the Executive Directors and shareholders remain aligned for up to five years.

## Remuneration Report (continued)

The performance targets for the LTBP are not disclosed for the year ahead, given the commercially sensitive nature of a number of the targets. Each year, 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 targets are only adjusted during the year if material events occur that necessitate a change; for example the introduction of VAT from 1 October 2012 gave rise to some changes in the targets in the current year. The report on the targets for the year ended 31 March 2012 was included in the annual report for that year. The report on the targets for the year ended 31 March 2013 is summarised in the table below:

Objective	Committee Comment
Grow the Group's annual free cash flow from £27.4 million for the year to 31 March 2012 to £29 million for the year to 31 March 2013.	The Group's annual free cash flow for the year to 31 March 2013 is £30.2 million.
Reduce the Group's net debt to £270 million at 31 March 2013 from £274 million at 31 March 2012.	The Group's net debt at 31 March 2013 was £230.5 million, a significant reduction from the targeted level, following the equity issue in January 2013 which raised £35.8 million (net of expenses). The reduction in net debt without the placing was £7.7 million with surplus land sales and free cash flow being used to amortise the debt.
Complete the £100 million 15 year Aviva loan. Complete the refinancing of the remainder of Group's core debt during the year.	The Group completed on £100 million loan from Aviva in April 2012. This was the first-ever loan from an insurance company to a self storage company in Europe.  The Group completed the refinancing of the bank loan, putting in place a £190 million facility with Lloyds, HSBC and Santander in October 2012.
Extend the maturity of the Partnership's debt from September 2013 to September 2016.	The Partnership loan facility provided by RBS and HSBC was extended in October 2012 to an expiry date of September 2016.
Grow established store occupancy over the summer to 78% and recover it to 75% at March 2013 following the normal winter slowdown.	Established store occupancy peaked at 78.3% during the summer. It finished March at 72.8%.
Grow the like for like occupancy of the wholly owned stores from 63.5% at 31 March 2012 to 66.5% by 31 March 2013, reflecting the challenge of absorbing VAT into the business in the second half of the year.	The occupancy of the wholly owned stores (excluding Chiswick which opened in the year) at March was 65.6%.  The seasonally weaker quarter to December was further impacted by a combination of a softening in the macroeconomy in the period after the Olympics, and price increases to our domestic customers of 10% and 12.5% as a result of the imposition of VAT on storage rents from 1 October.
Grow the occupancy of the Partnership stores to 53.7% at 31 March 2013 from 43.7% occupied at the start of the year.	The occupancy of the Partnership stores at 31 March 2013 was 54.6%.
Grow the average net rent per square foot across the wholly owned stores from £26.49 per square foot to in excess of £26.70 per square foot by September 2012, and then maintain the post VAT net rent level recorded in October 2012 for the remainder of the financial year.	The average net rent per sq ft at 30 September 2012 was £26.96. The post-VAT net rent level recorded in October 2012 was £25.45, which fell by 3% in the second half of the year, as the market adjusted to VAT. Since the year end, net rent has increased by 2.5%.
Meet forecast revenue (£69.7 million) and adjusted profit (£25.2 million) targets reset at the interim stage following the implementation of VAT.	Revenue for the year ended 31 March 2013 was £69.7 million, and adjusted profit was £25.5 million.
Meet or exceed the recurring earnings per share targets of the average consensus of the analyst community for the year to 31 March 2013.	The average consensus of the analyst community was 19.2 pence per share. Adjusted earnings per share for the year is 19.3p.
Comply with all banking covenants and maintain income cover in excess of two and a half, and maintain a net worth in excess of £490 million.	All covenants have been met throughout the year. Group income cover at 31 March 2013 was 3.3 times. Net worth is £552.6 million.
Complete the disposal of the surplus land at Chiswick.	The surplus land at Chiswick was sold for £4.8 million in the year.
Complete the Richmond hotel within budget and complete on the disposal to Total Pension Trustees Limited.	The disposal of the Richmond hotel was completed in July for a total consideration of £8.4 million. The construction of the hotel was within budget.

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 2013 has provisionally vested as to 85% of its potential amount for the year. The provisional vesting percentage will be reviewed by the Committee at the end of the three year plan in March 2015.

### 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	31 May 2011
James Gibson	31 May 2011
Adrian Lee	31 May 2011
John Trotman	31 May 2011

### 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, although the continued appointment of all Directors is put to shareholders at the AGM on an annual basis. In addition, the appointment is terminable by either party giving notice of three months.

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
Richard Cotton	10 July 2012
Mark Richardson	1 July 2008
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 the 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 comparable companies.

The structure of the Non-Executive fees has been reviewed. The Board concluded that the fee structure in place was outdated and required revision. It has implemented a new structure of Non-Executive fees for the year ended 31 March 2014, comprising a base fee of £36,000 per annum, with an additional £2,500 for a Committee Chairman, and an additional £2,500 for the Senior Independent Non-Executive Director ("SID"). Where a Non-Executive provides significant specialist advice to the Group, an additional fee of £2,500 is paid. The revised fee basis is as follows:

Non-Executive	Fee for year ending 31 March 2014	Comments
Tim Clark	£41,000	Chairman of Remuneration and Nominations Committee, SID
Richard Cotton	£38,500	Provides additional corporate finance advice
Georgina Harvey (from appointment on 1 July 2013)	£36,000	
Steve Johnson	£36,000	
Mark Richardson	£38,500	Chairman of Audit Committee

The Board is also considering a scheme that would allow the Non-Executives to apply their net fees to acquire shares in the Company on a quarterly basis.

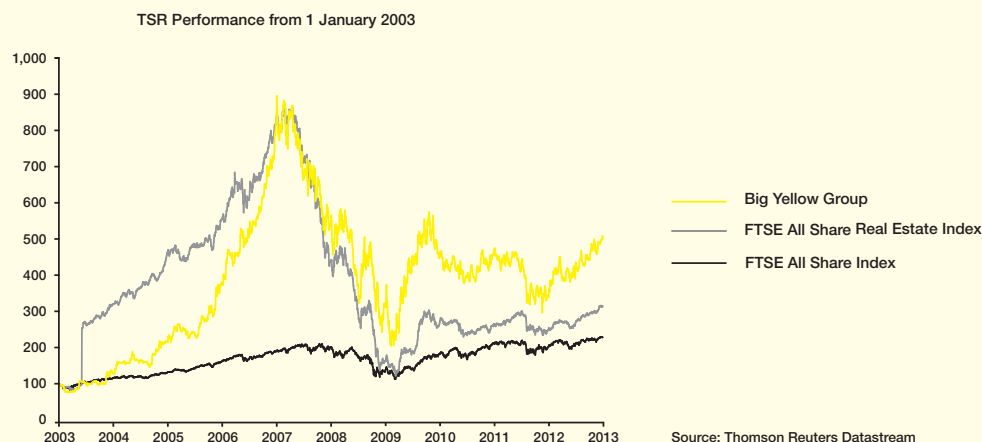
Non-Executive Directors cannot participate in any of the Group's share option schemes or Long Term Incentive Plan and are not eligible to join the Group's pension arrangements. Philip Burks has legacy LTIPs from his time as an Executive Director.

## Remuneration Report (continued)

### 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.



### AUDITED INFORMATION

#### Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2013 £	2012 £
Emoluments	1,183,569	1,154,944
Gains on exercise of share options	2,700,000	464,049
Money purchase pension contributions	88,980	86,050
	<b>3,972,549</b>	1,705,043

The gains on the share options above in 2013 relate to the Long Term Bonus Performance Plan granted to the Executive Directors in 2009 which vested during the year. The gain arising from the three year plan for Nicholas Vetch and James Gibson was £900,000 each, and £450,000 each for Adrian Lee and John Trotman.

#### Directors' remuneration

	2013					2013	2012
	Salary /fees £	Annual Bonus £	Taxable benefits £	Sub total £	Pension £	Total £	Total £
<b>Executive</b>							
Nicholas Vetch	249,200	24,920	6,296	280,416	24,920	305,336	303,389
James Gibson	273,300	27,330	7,931	308,561	27,330	335,891	332,354
Adrian Lee	202,300	20,230	5,463	227,993	20,230	248,223	245,556
John Trotman	165,000	16,500	3,495	184,995	16,500	201,495	185,420
<b>Non-Executive</b>							
Tim Clark	39,800	–	–	39,800	–	39,800	39,015
Richard Cotton <sup>1</sup>	28,750	–	–	28,750	–	28,750	–
Philip Burks	34,500	–	–	34,500	–	34,500	33,815
Mark Richardson	34,500	–	–	34,500	–	34,500	33,815
Jonathan Short <sup>2</sup>	9,554	–	–	9,554	–	9,554	33,815
Steve Johnson	34,500	–	–	34,500	–	34,500	33,815
Aggregate emoluments	1,071,404	88,980	23,185	1,183,569	88,980	1,272,549	1,240,994

1 From 1 June 2012

2 Up to date of retirement from the Board on 10 July 2012

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

	<b>At 31 March 2013 No.</b>	At 31 March 2012 No.
Nicholas Vetch (including trusts)	<b>9,173,157</b>	8,817,920
Philip Burks (including trusts)	<b>3,846,995</b>	6,120,849
James Gibson (including trusts)	<b>2,529,226</b>	2,469,719
Adrian Lee (including trusts)	<b>776,323</b>	905,092
John Trotman	<b>67,020</b>	17,461
Richard Cotton	<b>58,919</b>	–
Mark Richardson	<b>24,668</b>	19,263
Tim Clark	<b>15,000</b>	15,000
Steve Johnson	<b>10,000</b>	10,000

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:

	<b>At 31 March 2013 No.</b>	At 31 March 2012 No.
Nicholas Vetch	<b>337,500</b>	500,000
James Gibson	<b>487,500</b>	500,000
Adrian Lee	<b>337,500</b>	250,000
John Trotman	<b>337,500</b>	250,000
Total	<b>1,500,000</b>	1,500,000

The individual awards shown in the table above differ from the prior year due to the grant of new options in the year following the vesting of the initial options awarded in 2009.

## Remuneration Report (continued)

### 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. During the prior year, there were gains of £0.5 million made on the exercise of share options by the Company's Directors. There were no share option exercises by Directors during the course of the year, other than through the vesting of the Long Term Bonus Performance Plan.

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 2012	Granted during the year	Exercised during the year	Lapsed during the year	No. of shares under option at 31 March 2013	Exercise price	Market price at date of exercise	Date from which first exercisable	Expiry date
<b>Nicholas Vetch</b>	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
	19 July 2011	80,072	–	–	–	80,072	nil p	–	19 July 2014	18 July 2021
	11 July 2012	–	84,218	–	–	84,218	nil p	–	11 July 2015	10 July 2022
<b>Philip Burks</b>	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
<b>James Gibson</b>	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
	19 July 2011	87,807	–	–	–	87,807	nil p	–	19 July 2014	18 July 2021
	11 July 2012	–	92,362	–	–	92,362	nil p	–	11 July 2015	10 July 2022
<b>Adrian Lee</b>	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
	19 July 2011	57,080	–	–	–	57,080	nil p	–	19 July 2014	18 July 2021
	11 July 2012	–	62,065	–	–	62,065	nil p	–	11 July 2015	10 July 2022
<b>John Trotman</b>	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
	19 July 2011	57,080	–	–	–	57,080	nil p	–	19 July 2014	18 July 2021
	11 July 2012	–	62,065	–	–	62,065	nil p	–	11 July 2015	10 July 2022

The Committee has considered the performance of the 2009 LTIP options grants and determined that the criteria have not been met; therefore the award lapsed during the year.

The market price of the Company's shares at 31 March 2013 was 355p. The highest market price during the year was 387.5p per share, the lowest market price during the year was 274.5p, and the average price during the year was 326.1p. 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 20 May 2013 and signed on its behalf by:

**Tim Clark**

Committee Chairman

## Officers and Professional Advisers

### Directors

Philip Burks  
Tim Clark  
Richard Cotton  
James Gibson  
Steve Johnson  
Adrian Lee  
Mark Richardson  
John Trotman  
Nicholas Vetch

### Secretary

Shauna Beavis

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### Auditor

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Chartered Accountants  
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London  
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## Biographies of Directors and Senior Management

### Non-Executive Directors

**Tim Clark**, aged 62, 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 Group Senior Adviser 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.

**Philip Burks**, aged 54, 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.

**Richard Cotton**, aged 57, Non-Executive Director, headed the real estate corporate finance team at JP Morgan Cazenove until April 2009. Richard is currently a Managing Director of Forum Partners and a Non-Executive Director of Hansteen Holdings plc. Richard joined the Board in July 2012.

**Mark Richardson**, aged 56, 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, a Trustee of the Natural History Museum Development Trust, 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 49, 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. He joined Woolworths as part of the final turnaround team in late 2008. He has most recently been working as an operating executive for Texas Pacific Group, and was also the Executive Chairman of Dreams plc between July 2011 and October 2012. He joined the Board in September 2010.

### Executive Directors

**Nicholas Vetch**, aged 52, 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 52, 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 47, 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 35, 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.

### Senior management biographies

**Shauna Beavis**, aged 38, 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 41, 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 59, 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 38, 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 49, Construction Director, joined Big Yellow in January 2000. He is a chartered surveyor with over 20 years' experience in the construction industry, both overseas and in the UK, principally in the retail and industrial sectors.

**Cheryl Hathaway**, aged 47, 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 58, 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 46, 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 49, 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 44, 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 56, 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 financial statements of Big Yellow Group PLC for the year ended 31 March 2013 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 Parent 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 auditor

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 parent 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion:

- > the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2013 and of the Group's profit for the year then ended;
- > the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- > the parent 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 parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- > the parent 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 UK Corporate Governance Code specified for our review; and
- > certain elements of the report to shareholders by the Board on Directors' remuneration.



**Darren Longley FCA (Senior Statutory Auditor)**

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Southampton, United Kingdom

20 May 2013

## Consolidated Statement of Comprehensive Income

Year ended 31 March 2013

	Note	2013 £000	2012 £000
<b>Revenue</b>	3	<b>69,671</b>	65,663
Cost of sales		<b>(24,493)</b>	(23,436)
<b>Gross profit</b>		<b>45,178</b>	42,227
Administrative expenses		<b>(7,724)</b>	(7,148)
<b>Operating profit before gains and losses on property assets</b>		<b>37,454</b>	35,079
Gain/(loss) on the revaluation of investment properties	13a, 14	<b>9,535</b>	(51,381)
Gains on surplus land	15	<b>1,039</b>	497
<b>Operating profit/(loss)</b>		<b>48,028</b>	(15,805)
Share of profit/(loss) of associate	13d	<b>618</b>	(602)
Investment income – interest receivable	7	<b>33</b>	20
Finance costs – interest payable	8	<b>(12,280)</b>	(11,199)
– fair value movement of derivatives	8, 18	<b>(223)</b>	(7,965)
– refinancing costs	8	<b>(4,300)</b>	–
<b>Profit/(loss) before taxation</b>		<b>31,876</b>	(35,551)
Taxation	9	<b>–</b>	–
<b>Profit/(loss) for the year (attributable to equity shareholders)</b>	5	<b>31,876</b>	(35,551)
<b>Total comprehensive income/(loss) for the year (attributable to equity shareholders)</b>		<b>31,876</b>	(35,551)
<b>Basic earnings/(loss) per share</b>	12	<b>24.4p</b>	(27.7)p
<b>Diluted earnings/(loss) per share</b>	12	<b>24.1p</b>	(27.4)p

EPRA earnings per share are shown in Note 12.

All items in the consolidated statement of comprehensive income relate to continuing operations.

# Consolidated Balance Sheet

31 March 2013

	Note	2013 £000	2012 £000
<b>Non-current assets</b>			
Investment property	13a	745,605	726,390
Investment property under construction	13a	17,277	33,905
Interests in leasehold property	13a	21,803	22,394
Plant, equipment and owner-occupied property	13b	2,750	2,637
Goodwill	13c	1,433	1,433
Investment in associate	13d	17,681	15,496
Capital Goods Scheme receivable	16	7,501	–
		<b>814,050</b>	802,255
<b>Current assets</b>			
Surplus land	15	4,593	18,035
Inventories		300	299
Trade and other receivables	16	14,450	10,943
Cash and cash equivalents		7,850	10,060
		<b>27,193</b>	39,337
<b>Total assets</b>		<b>841,243</b>	841,592
<b>Current liabilities</b>			
Trade and other payables	17	(24,421)	(25,675)
Borrowings	19	(1,937)	–
Obligations under finance leases	21	(1,952)	(1,946)
		<b>(28,310)</b>	(27,621)
<b>Non-current liabilities</b>			
Derivative financial instruments	18c	(5,494)	(15,748)
Borrowings	19	(234,948)	(282,960)
Obligations under finance leases	21	(19,851)	(20,448)
Other payables	17	(12)	(315)
		<b>(260,305)</b>	(319,471)
<b>Total liabilities</b>		<b>(288,615)</b>	(347,092)
<b>Net assets</b>		<b>552,628</b>	494,500
<b>Equity</b>			
Called up share capital	22	14,264	13,139
Share premium account		44,278	43,432
Reserves		494,086	437,929
Equity shareholders' funds		<b>552,628</b>	494,500

The financial statements were approved by the Board of Directors and authorised for issue on 20 May 2013. They were signed on its behalf by:

**James Gibson**                      **John Trotman**  
Director                                      Director

Company Registration No. 03625199

## Consolidated Statement of Changes in Equity

Year ended 31 March 2013

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Other distributable reserves £000	Own shares £000	Total £000
At 1 April 2012	13,139	43,432	1,653	441,899	-	(5,623)	494,500
Total comprehensive gain for the year	-	-	-	31,876	-	-	31,876
Issue of share capital	1,125	846	-	-	34,793	-	36,764
Dividend	-	-	-	(13,543)	-	-	(13,543)
Credit to equity for equity-settled share based payments	-	-	-	3,031	-	-	3,031
<b>At 31 March 2013</b>	<b>14,264</b>	<b>44,278</b>	<b>1,653</b>	<b>463,263</b>	<b>34,793</b>	<b>(5,623)</b>	<b>552,628</b>

The other distributable reserve arose from merger relief under S612 of Companies Act 2006, following the Group's placing of 10 million shares in the year.

Year ended 31 March 2012

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Other distributable reserves £000	Own shares £000	Total £000
At 1 April 2011	13,106	43,404	1,653	488,682	-	(1,896)	544,949
Total comprehensive loss for the year	-	-	-	(35,551)	-	-	(35,551)
Issue of share capital	33	28	-	-	-	-	61
Dividend	-	-	-	(12,223)	-	-	(12,223)
Purchase of own shares	-	-	-	-	-	(3,727)	(3,727)
Credit to equity for equity-settled share based payments	-	-	-	991	-	-	991
At 31 March 2012	13,139	43,432	1,653	441,899	-	(5,623)	494,500

## Consolidated Cash Flow Statement

Year ended 31 March 2013

	Note	2013 £000	2012 £000
Operating profit/(loss)		<b>48,028</b>	(15,805)
(Gain)/loss on the revaluation of investment properties	13a, 14	<b>(9,535)</b>	51,381
Gains on surplus land	15	<b>(1,039)</b>	(497)
Depreciation	13b	<b>583</b>	550
Depreciation of finance lease capital obligations	13a	<b>933</b>	853
Employee share options	6	<b>1,376</b>	1,532
(Increase)/decrease in inventories		<b>(1)</b>	20
(Increase)/decrease in receivables		<b>(1,016)</b>	887
Increase/(decrease) in payables		<b>2,696</b>	(44)
<b>Cash generated from operations</b>		<b>42,025</b>	38,877
Interest paid		<b>(11,873)</b>	(11,508)
Interest received		<b>34</b>	19
<b>Cash flows from operating activities</b>		<b>30,186</b>	27,388
<b>Investing activities</b>			
Sale of surplus land		<b>15,864</b>	5,404
Purchase of non-current assets		<b>(5,745)</b>	(18,130)
Additions to surplus land		<b>(1,969)</b>	(4,647)
Investment in associate	13d	<b>(1,567)</b>	(1,167)
<b>Cash flows from investing activities</b>		<b>6,583</b>	(18,540)
<b>Financing activities</b>			
Issue of share capital		<b>36,764</b>	61
Purchase of own shares		<b>-</b>	(3,727)
Payment of finance lease liabilities	13a	<b>(933)</b>	(853)
Equity dividends paid	11	<b>(13,543)</b>	(12,223)
Refinancing fees		<b>(5,096)</b>	-
Payments to cancel interest rate derivatives		<b>(10,477)</b>	-
(Reduction)/increase in borrowings		<b>(45,694)</b>	9,000
<b>Cash flows from financing activities</b>		<b>(38,979)</b>	(7,742)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,210)</b>	1,106
<b>Opening cash and cash equivalents</b>		<b>10,060</b>	8,954
<b>Closing cash and cash equivalents</b>		<b>7,850</b>	10,060

## Reconciliation of Net Cash Flow to Movement in Net Debt

Year ended 31 March 2013

	Note	2013 £000	2012 £000
Net (decrease)/increase in cash and cash equivalents in the year		<b>(2,210)</b>	1,106
Cash outflow/(inflow) from decrease/(increase) in debt financing		<b>45,694</b>	(9,000)
Change in net debt resulting from cash flows		<b>43,484</b>	(7,894)
<b>Movement in net debt in the year</b>		<b>43,484</b>	(7,894)
Net debt at the start of the year		<b>(273,940)</b>	(266,046)
Net debt at the end of the year	18	<b>(230,456)</b>	(273,940)

# Notes to the Financial Statements

Year ended 31 March 2013

## 1. GENERAL INFORMATION

Big Yellow Group PLC is a Company incorporated in the United Kingdom 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 18 to 23.

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 that have affected the amounts reported in these financial statements.

### Standards not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations have been adopted in the current year:

- > Amendments to IAS 1 Presentation of financial statements (amended June 2011)
- > Amendments to IAS 12 Income taxes
- > Amendments to IAS 19 Employee Benefits (revised June 2011)
- > Amendments to IFRS 7 Financial instruments: Disclosures

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.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- > IFRS 1 (amended) Severe hyperinflation and removal of fixed dates for first time adopters
- > IFRS 7 (amended) Disclosures – Transfers of financial assets
- > IFRS 9 Financial Instruments
- > IFRS 10 Consolidated financial statements
- > IFRS 11 Joint arrangements
- > IFRS 12 Disclosure of interests in other entities
- > IFRS 13 Fair value measurement
- > IAS 1 (amended) Presentation of items of other comprehensive income
- > IAS 12 (amended) Deferred tax: Recovery of underlying assets
- > IAS 19 (revised) Employee benefits
- > IAS 27 (revised) Separate financial statements
- > IAS 28 (revised) Investments in associates and joint ventures
- > IAS 32 (amended) Offsetting Financial Assets and Financial Liabilities

With the exception of IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IAS 27 and IAS 28, which the Group is currently evaluating, we do not expect there to be a material impact from the adoption of these standards. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

### 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 18 to 29 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 to 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 Reviews, and in the Report on Corporate Governance.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Going concern (continued)

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 2014 and projections contained in the longer term business plan which covers the period to March 2018. 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 statement of comprehensive income 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. Any costs directly attributable to the business combination are recognised in the income statement. 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 the lower of their carrying amount and 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. 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.

### 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 statement of comprehensive income and is not subsequently reversed. The goodwill in the balance sheet has an indefinite useful economic life.

### 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 on a straight line basis. The Group recognises non-storage income on a straight line basis over the period in which it is earned.

Interest income is accrued on a time basis, by reference to the principal outstanding and 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 on a straight line basis over the period for which the services are provided.

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Operating leases

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income, 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 and 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 investment properties, 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 IAS 40, investment property held as a 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 statement of comprehensive income of 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.

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 21. 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 statement of comprehensive income in the period in which they arise.

### Surplus land

Surplus land, which can include assets held for development and future sale, is recognised at the lower of cost and net realisable value. Any gains and losses on surplus land are recognised through the statement of comprehensive income.

### 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, representing the cost of packing materials, are stated at the lower of cost and net realisable value.

### 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. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement.

### 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 forward curves at the reporting date and the credit risk inherent in the contract.

# Notes to the Financial Statements (continued)

Year ended 31 March 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### A - Derivative financial instruments and hedge accounting (continued)

Changes in the fair value of derivative financial instruments are recognised in the statement of comprehensive income 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 statement of comprehensive income.

### 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 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 statement of comprehensive income as they fall due. The assets of the schemes are held separately from those of the Group.

### 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 and excludes the effect of non market based vesting conditions. 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. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market based vesting conditions. The impact of the revision of the original estimates, if any, is recovered in profit and loss such that the cumulative expenses reflects the revised estimate with a corresponding adjustment to equity reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

### 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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) Capital Goods Scheme receivable

The Group has recognised a receivable in the year in respect of amounts due back from HMRC under the Capital Goods Scheme following the imposition of VAT on self storage from 1 October 2012. The amount recognised is subject to agreement with HMRC, is payable over up to ten years and has been discounted at the Group's average cost of debt.

## 3. REVENUE

Analysis of the Group's operating revenue can be found below and in the Portfolio Summary on page 30.

	2013 £000	2013 £000	2012 £000	2012 £000
<b>Open stores</b>				
Self storage income	58,112		54,734	
Other storage related income	9,996		9,363	
Ancillary store rental income	226		176	
		68,334		64,273
<b>Stores under development</b>				
Non-storage income	298		270	
		298		270
<b>Fee income</b>				
Fees earned from Big Yellow Limited Partnership	639		720	
Other management fees earned	400		400	
		1,039		1,120
<b>Revenue per statement of comprehensive income</b>		69,671		65,663
Interest receivable on bank deposits (see note 7)		33		20
<b>Total revenue per IAS 18</b>		69,704		65,683

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 and related services.

Revenue represents amounts derived from the provision of self storage 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 and related services. These all arise in the United Kingdom in the current year and prior year.

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 5. PROFIT/(LOSS) FOR THE YEAR

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

	2013 £000	2012 £000
Depreciation of plant, equipment and owner-occupied property	583	550
Leasehold property depreciation	933	853
(Increase)/decrease in fair value of investment property	(9,535)	51,381
Gains on surplus land	(1,039)	(497)
Cost of inventories recognised as an expense	908	914
Employee costs (see note 6)	10,947	10,255
Operating lease rentals	154	164
Auditor's remuneration for audit services (see below)	167	167

#### b) Analysis of auditor's remuneration:

	2013 £000	2012 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	160	160
Other services – audit of the Company's subsidiaries' annual accounts	7	7
Total audit fees	167	167
Tax services – compliance	32	30
Tax services – advisory	60	60
Other services	34	50
Real estate advice (planning)	11	12
Total non-audit fees	137	152

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:

	2013 Number	2012 Number
Sales	243	235
Administration	43	44
	286	279

At 31 March 2013 the total number of Group employees was 319 (2012: 310).

	2013 £000	2012 £000
Their aggregate remuneration comprised:		
Wages and salaries	7,763	7,605
Social security costs	1,472	791
Other pension costs	336	327
Share-based payments	1,376	1,532
	10,947	10,255

The increase in social security costs is a result of Employers' National Insurance payable on the vesting of the Long Term Bonus Performance Plan in the year. Details of Directors' Remuneration is given on pages 66 to 68.

## 7. INVESTMENT INCOME

	2013 £000	2012 £000
Interest receivable on bank deposits	33	20
	<b>33</b>	20

## 8. FINANCE COSTS

	2013 £000	2012 £000
Interest on bank borrowings	11,458	11,097
Capitalised interest	(236)	(1,035)
Interest on obligations under finance leases	1,057	1,130
Other interest payable	1	7
Total interest payable	<b>12,280</b>	11,199
Change in fair value of interest rate derivatives	223	7,965
Refinancing costs	4,300	–
Total finance costs	<b>16,803</b>	19,164

The refinancing costs relate to the unamortised loan arrangement costs of the previous facility, and the write-off of the costs of the new bank facility in accordance with IAS 39.

## 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 its 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.

	2013 £000	2012 £000
UK current tax		
Current tax:		
– Current year	–	–
Deferred tax (see note 20):		
– Current year	–	–
	–	–

A reconciliation of the tax charge is shown below:

	2013 £000	2012 £000
Profit/(loss) before tax	31,876	(35,551)
Tax charge/(credit) at 24% (2012 – 26%) thereon	7,650	(9,243)
Effects of:		
Revaluation of investment properties	493	13,484
Permanent differences	(3,155)	37
Profits from the tax exempt business	(5,313)	(5,759)
Losses not utilised in the year	4,663	685
Utilisation of brought forward losses	–	(370)
Movement on other unrecognised deferred tax assets	(4,338)	1,166
<b>Total tax charge</b>	<b>–</b>	<b>–</b>

At 31 March 2013 the Group has unutilised tax losses of £37.5 million (2012: £13.8 million) available for offset against certain types of future taxable profits. All losses can be carried forward indefinitely.

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 10. ADJUSTED PROFIT BEFORE TAX AND ADJUSTED EBITDA

	2013 £000	2012 £000
Profit/(loss) before tax	31,876	(35,551)
(Gain)/loss on revaluation of investment properties – wholly owned	(9,535)	51,381
– in associate	(821)	480
Change in fair value of interest rate derivatives – Group	223	7,965
– in associate	(211)	(135)
VAT implementation costs	179	–
Refinancing costs	4,300	–
Share of refinancing costs in associate	499	–
Gains on surplus land	(1,039)	(497)
Adjusted profit before tax	25,471	23,643
Net bank and other interest	11,190	10,049
Depreciation	583	550
Adjusted EBITDA	37,244	34,242

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 have been disclosed to give a clearer understanding of the Group's underlying trading performance. The adjusted profit before tax of £25,471,000 (2012: £23,643,000) equates to EPRA earnings, as there is no tax charge in the year.

### 11. DIVIDENDS

	2013 £000	2012 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2012 of 5.5p (2011: 5p) per share.	7,057	6,460
Interim dividend for the year ended 31 March 2013 of 5p (2012: 4.5p) per share.	6,486	5,763
	13,543	12,223
Proposed final dividend for the year ended 31 March 2013 of 6p (2012: 5.5p) per share.	8,384	7,057

Subject to approval by shareholders at the Annual General Meeting to be held on 19 July 2013, the final dividend will be paid on 24 July 2013. The ex-div date is 12 June 2013 and the record date is 14 June 2013.

The Property Income Dividend ("PID") payable for the year is 8 pence per share.

### 12. EARNINGS/(LOSS) AND NET ASSETS PER SHARE

Earnings/(loss) per ordinary share

	Year ended 31 March 2013			Year ended 31 March 2012		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
<b>Basic</b>	31.9	130.9	24.4	(35.6)	128.4	(27.7)
Dilutive share options	–	1.3	(0.3)	–	1.3	0.3
<b>Diluted</b>	31.9	132.2	24.1	(35.6)	129.7	(27.4)
<i>Adjustments:</i>						
(Gain)/loss on revaluation of investment properties	(9.5)	–	(7.2)	51.4	–	39.6
Change in fair value of interest rate derivatives	0.2	–	0.2	8.0	–	6.1
Gains on surplus land	(1.0)	–	(0.8)	(0.5)	–	(0.4)
VAT implementation costs	0.2	–	0.1	–	–	–
Refinancing costs	4.3	–	3.3	–	–	–
Share of associate's non-recurring (gains)/losses	(0.6)	–	(0.4)	0.3	–	0.3
<b>EPRA – diluted</b>	25.5	132.2	19.3	23.6	129.7	18.2
<b>EPRA – basic</b>	25.5	130.9	19.5	23.6	128.4	18.4

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

## 12. EARNINGS/(LOSS) AND NET ASSETS PER SHARE (continued)

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

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:

	<b>31 March 2013 £000</b>	31 March 2012 £000
Basic net asset value	<b>552,628</b>	494,500
Exercise of share options	<b>555</b>	746
EPRA NNNAV	<b>553,183</b>	495,246
Adjustments:		
Fair value of derivatives	<b>5,494</b>	15,748
Fair value of derivatives – share of associate	<b>232</b>	443
EPRA NAV	<b>558,909</b>	511,437
Basic net assets per share (pence)	<b>395.5</b>	386.1
EPRA NNNAV per share (pence)	<b>390.0</b>	378.9
EPRA NAV per share (pence)	<b>394.1</b>	391.3
EPRA NAV (as above) (£000)	<b>558,909</b>	511,437
Valuation methodology assumption (see note 14) (£000)	<b>35,621</b>	35,514
Capital goods scheme adjustment (£000) (see below)	<b>–</b>	12,056
Adjusted net asset value (£000)	<b>594,530</b>	559,007
Adjusted net assets per share (pence)	<b>419.2</b>	427.7
	<b>No. of shares</b>	No. of shares
Shares in issue	<b>142,639,647</b>	131,393,041
Own shares held in treasury	<b>(1,418,750)</b>	(1,418,750)
Own shares held in EBT	<b>(1,500,000)</b>	(1,885,117)
Basic shares in issue used for calculation	<b>139,720,897</b>	128,089,174
Exercise of share options	<b>2,110,396</b>	2,623,172
Diluted shares used for calculation	<b>141,831,293</b>	130,712,346

Net assets per share are shareholders' funds divided by the number of shares at the year end. The shares currently held in the Group's Employee Benefit Trust and in treasury 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).

The adjusted net assets per share presented for the year ended 31 March 2012 has been restated to show the discounted Capital Goods Scheme receivable and the reduction in the creditor payable as recorded at 31 March 2013, which was lower than that disclosed in the accounts for the year ended 31 March 2012, to ensure comparability with the current period disclosure. This has reduced the adjusted net assets per share at 31 March 2012 from 429.2 pence to 427.7 pence.

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 12. EARNINGS/(LOSS) AND NET ASSETS PER SHARE (continued)

Big Yellow issued 7.5% of its share capital in January 2013, raising £35.8 million (net of expenses). A proforma adjusted net assets per share has been produced below as if the placing had taken place on 31 March 2012. Applying the effects of the placing to basic net assets per share for the year ended 31 March 2012, the basic net asset value increases to £530,293,000, and basic shares in issue increases to 138,089,174, giving a basic net asset per share of 384.0p.

Adjustment for placing	No. of shares
Diluted shares at 31 March 2012	130,712,346
Shares issued in placing	10,000,000
Revised shares	140,712,346

	£000
Adjusted net assets at 31 March 2012	559,007
Placing proceeds (net)	35,793
Adjusted net assets at 31 March 2012 proforma post placing	594,800
Adjusted net assets per share at 31 March 2012 proforma post placing	422.7p

### 13. NON-CURRENT ASSETS

#### α) Investment property, development property and interests in leasehold property

	Investment property £000	Investment property under construction £000	Interests in leasehold property £000	Total £000
<b>At 31 March 2011</b>	745,840	46,310	21,244	813,394
Additions	2,723	16,803	–	19,526
Reclassification	27,371	(27,371)	–	–
Adjustment to present value	–	–	2,003	2,003
Revaluation (see note 14)	(49,544)	(1,837)	–	(51,381)
Depreciation	–	–	(853)	(853)
<b>At 31 March 2012</b>	726,390	33,905	22,394	782,689
Additions	3,376	305	–	3,681
Capital Goods Scheme adjustment*	(10,629)	–	–	(10,629)
Reclassification	16,260	(16,260)	–	–
Adjustment to present value	–	–	342	342
Revaluation (see note 14)	10,208	(673)	–	9,535
Depreciation	–	–	(933)	(933)
<b>At 31 March 2013</b>	<b>745,605</b>	<b>17,277</b>	<b>21,803</b>	<b>784,685</b>

\* The Capital Goods Scheme adjustment includes the discounted debtor receivable of £10,346,000, and a reduction in the creditor payable of £283,000.

The income from self storage accommodation earned by the Group from its investment property is disclosed in note 3. Direct operating expenses, which are all applied to generating rental income, arising on the investment property in the year are disclosed in the Portfolio Summary on page 30.

Included within additions is £0.2 million of capitalised interest (2012: £1.0 million), calculated at the Group's average borrowing cost of 4.0%.

55 of the Group's investment properties are pledged as security for loans, with a total value of £736,870,000.

### 13. NON-CURRENT ASSETS (continued)

#### 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
<b>Cost</b>						
At 31 March 2011	1,867	44	744	25	5,831	8,511
Additions	–	–	36	–	477	513
At 31 March 2012	1,867	44	780	25	6,308	9,024
Additions	–	–	46	–	650	696
<b>At 31 March 2013</b>	<b>1,867</b>	<b>44</b>	<b>826</b>	<b>25</b>	<b>6,958</b>	<b>9,720</b>
<b>Depreciation</b>						
At 31 March 2011	(191)	(41)	(515)	(3)	(5,087)	(5,837)
Charge for the year	(35)	(3)	(48)	(6)	(458)	(550)
At 31 March 2012	(226)	(44)	(563)	(9)	(5,545)	(6,387)
Charge for the year	(35)	–	(46)	(6)	(496)	(583)
<b>At 31 March 2013</b>	<b>(261)</b>	<b>(44)</b>	<b>(609)</b>	<b>(15)</b>	<b>(6,041)</b>	<b>(6,970)</b>
<b>Net book value</b>						
<b>At 31 March 2013</b>	<b>1,606</b>	<b>–</b>	<b>217</b>	<b>10</b>	<b>917</b>	<b>2,750</b>
At 31 March 2012	1,641	–	217	16	763	2,637

#### 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.

#### 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 2013 £000	31 March 2012 £000
At the beginning of the year	15,496	14,931
Subscription for partnership capital and advances	1,567	1,167
Share of results (see below)	618	(602)
	<b>17,681</b>	15,496

The Group has subscribed for cumulative partnership capital and advances of £16,366,000 to 31 March 2013 (2012: £14,799,000).

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 13. NON-CURRENT ASSETS (continued)

#### d) Investment in associate (continued)

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.

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
<b>Big Yellow Limited Partnership</b>		
<b>Income statement (100%)</b>		
Revenue	8,289	6,539
Cost of sales	(4,845)	(4,660)
Administrative expenses	(76)	(77)
Operating profit	3,368	1,802
Gain/(loss) on the revaluation of investment properties	2,462	(1,441)
Net interest payable	(3,111)	(2,572)
Refinancing costs	(1,497)	–
Fair value movement of interest rate derivatives	633	406
Profit/(loss) before and after tax	1,855	(1,805)
<b>Balance sheet (100%)</b>		
Investment property	109,480	110,460
Other non-current assets	3,598	641
Current assets	3,422	1,548
Current liabilities	(2,759)	(2,463)
Derivative financial instruments	(697)	(1,330)
Non-current liabilities	(60,000)	(62,367)
<b>Net assets (100%)</b>	<b>53,044</b>	<b>46,489</b>
<b>Group share of (33.3%)</b>		
	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
Operating profit	1,122	601
Gain/(loss) on the revaluation of investment properties	821	(480)
Net interest payable	(1,037)	(858)
Refinancing costs	(499)	–
Fair value movement of interest rate derivatives	211	135
Profit/(loss) for the year	618	(602)
Associate net assets	17,681	15,496

The Partnership has in place a fully drawn loan of £60 million, secured from Royal Bank of Scotland plc and HSBC Bank plc.

The loan has a four year term and expires in September 2016. £31.8 million of the £60 million drawn down at 31 March 2013 has been fixed to 30 June 2013 at a weighted average interest cost pre margin of 4.07%. The balance of the drawn debt is currently paying three month LIBOR plus applicable margin. Forward start fixed rate interest derivatives of £30 million have been put in place commencing on 1 July 2013 to run through to 30 September 2016, at a weighted average cost pre margin of 1.05%. The loan amortises to £51.1 million by September 2016, with the amortisation starting in June 2014.

The weighted average interest cost post margin at 31 March 2013 of the facility was 6.4%. On a proforma basis, the weighted average cost of the facility in July 2013 will be 4.9% following the commencement of the new interest rate derivatives.

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 55%. The loan is non-recourse to the Group.

The Group has an option to acquire the assets within the Partnership or the remaining interest in the Partnership not held by the Group, which is first exercisable based on the 31 March 2013 balance sheet date, but can be deferred to March 2014 and March 2015, subject to Internal Rate of Return ("IRR") hurdles. 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. The option has been deferred at 31 March 2013, and has been assessed to have nil value at 31 March 2013.

#### 14. VALUATION OF INVESTMENT PROPERTY

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
<b>Freehold stores*</b>			
At 31 March 2012	358,567	324,323	682,890
Transfer from investment property under construction	20,936	(4,676)	16,260
Capital Goods Scheme adjustment	(10,525)	10,525	–
Movement in year	3,212	(1,857)	1,355
<b>At 31 March 2013</b>	<b>372,190</b>	<b>328,315</b>	<b>700,505</b>
<b>Leasehold stores</b>			
At 31 March 2012	15,851	27,649	43,500
Capital Goods Scheme adjustment	(104)	104	–
Movement in year	164	1,436	1,600
<b>At 31 March 2013</b>	<b>15,911</b>	<b>29,189</b>	<b>45,100</b>
<b>Total of open stores</b>			
At 31 March 2012	374,418	351,972	726,390
Transfer from investment property under construction	20,936	(4,676)	16,260
Capital Goods Scheme adjustment	(10,629)	10,629	–
Movement in year	3,376	(421)	2,955
<b>At 31 March 2013</b>	<b>388,101</b>	<b>357,504</b>	<b>745,605</b>
<b>Investment property under construction</b>			
At 31 March 2012	44,413	(10,508)	33,905
Transfer to investment property	(20,936)	4,676	(16,260)
Movement in year	305	(673)	(368)
<b>At 31 March 2013</b>	<b>23,782</b>	<b>(6,505)</b>	<b>17,277</b>
<b>Valuation of all investment property</b>			
At 31 March 2012	418,831	341,464	760,295
Capital Goods Scheme adjustment**	(10,629)	10,629	–
Movement in year	3,681	(1,094)	2,587
<b>At 31 March 2013</b>	<b>411,883</b>	<b>350,999</b>	<b>762,882</b>

\* Includes one long leasehold property

\*\* The Capital Goods Scheme adjustment includes the discounted debtor receivable of £10,346,000 and a reduction in the creditor payable of £283,000.

The freehold and leasehold investment properties have been valued at 31 March 2013 by external valuers, Cushman & Wakefield LLP (“C&W”). The valuation has been carried out in accordance with the RICS Valuation – Professional 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 either Fair Value or Fair Value as a fully equipped operational entity, having regard to trading potential, as appropriate.

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

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 14. VALUATION OF INVESTMENT PROPERTY (continued)

#### *Market uncertainty*

C&W's valuation report comments on valuation uncertainty resulting from low liquidity 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 Euros and the transaction was announced in March 2011. The two joint ventures owned 72 self storage properties.
4. The purchase of Selstor, Sweden, by Pelican Self Storage/M3 Capital in the fourth quarter of 2012.

There have been seven single store market transactions in the UK since 2010. C&W state that due to the lack of comparable market information in the self storage sector, there is 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 either straight-line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the 54 trading stores (both freeholds and leaseholds) open at 31 March 2013 averages 81.5% (31 March 2012: 82.4%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for the 32 established stores to trade at their maturity levels is 32 months (31 March 2012: 32 months); for the 22 lease-up stores, the period to maturity is 43 months (31 March 2012: 44 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 net initial yield pre-administration expenses for the 32 established stores is 6.8% (31 March 2012: 6.8%) rising to a stabilised net yield pre-administration expenses of 8.1% (31 March 2012: 8.1%). Also on a no growth and pre-administration expenses basis the 22 lease-up stores have a net initial yield of 4.9% (31 March 2012: 4.4%) rising to 8.4% (31 March 2012: 8.6%) on stabilisation.
- 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 11.2% (31 March 2012: 11.2%).
- 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 15.7 years (31 March 2012: 16.7 years).

#### *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 and 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. One scheme does not yet have planning consent and C&W have reflected the planning risk in their valuation.

#### *Immature stores: value uncertainty*

C&W have assessed the value of each property individually. However, two of the stores in the portfolio are relatively immature and have low initial cash flow. C&W have endeavoured to reflect the nature of the cash flow profile for these properties in their valuation, and the higher associated risks relating to the as yet unproven future cash flow, by adjustment to the capitalisation rates and discount rates adopted. However, immature low cash flow stores of this nature are rarely, if ever, traded individually in the market, unless as part of a distressed sale or similar situation. Although, there is more evidence of immature low cash flow stores being traded as part of a group or portfolio transaction.

Please note C&W's comments in relation to market uncertainty in the self storage sector due to the lack of comparable market transactions and information. The degree of uncertainty relating to the two immature stores is greater than in relation to the balance of the properties due to there being even less market evidence that might be available for more mature properties and portfolios.

#### 14. VALUATION OF INVESTMENT PROPERTY (continued)

##### Assumptions (continued)

C&W state that in practice, if an actual sale of the properties were to be contemplated then any immature low cash flow stores would normally be presented to the market for sale lotted or grouped with other more mature assets owned by the same entity, in order to alleviate the issue of negative or low short term cash flow. This approach would enhance the marketability of the group of assets and assist in achieving the best price available in the market by diluting the cash flow risk.

C&W have not adjusted their opinion of fair value to reflect such a grouping of the immature assets with other properties in the portfolio and all stores have been valued individually. However, they highlight the matter to alert the Group to the manner in which the properties might be grouped or lotted in order to maximise their attractiveness to the market place.

C&W consider this approach to be a valuation assumption but not a Special Assumption, the latter being an assumption that assumes facts that differ from the actual facts existing at the valuation date – and which, if not adopted, could produce a material difference in value.

C&W have not assumed that the entire portfolio of properties owned by the entity 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 (either higher or lower) from the aggregate of the individual values for each property in the portfolio, reflecting the lotting assumption 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 2013 of £796,890,000 (£34,008,000 higher than the value recorded in the financial statements). The valuations in Big Yellow Limited Partnership are £4,840,000 higher than the value recorded in the financial statements, of which the Group's share is £1,613,000. The sum of these is £35,621,000 and translates to 25.1 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 12).

#### 15. SURPLUS LAND

	£000
At 31 March 2012	18,035
Additions	2,277
Disposals	(15,719)
<b>At 31 March 2013</b>	<b>4,593</b>

In the current year, a gain of £1,039,000 was recorded following the disposal of three sites (2012: gain of £497,000 following the disposal of one site).

#### 16. TRADE AND OTHER RECEIVABLES

	31 March 2013 £000	31 March 2012 £000
<b>Current</b>		
Trade receivables	2,373	1,559
Capital Goods Scheme receivable	2,845	–
Other receivables	887	1,316
Prepayments and accrued income	8,345	8,068
	<b>14,450</b>	10,943
<b>Non-current</b>		
Capital Goods Scheme receivable	7,501	–

Trade receivables are net of a bad debt provision of £45,000 (2012: £24,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Operating and Financial Review contains commentary on the Capital Goods Scheme receivable.

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 16. TRADE AND OTHER RECEIVABLES (continued)

#### Trade receivables

The Group does not typically offer credit terms to its customers, requiring them to pay in advance of their storage period and hence the Group is not exposed to significant credit risk. 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 these customers are required to pay in advance, and also to pay a deposit ranging from between one week to four 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 £384,000 (2012: £173,000) 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 (2012: 31 days past due).

#### Ageing of past due but not impaired receivables

	2013 £000	2012 £000
1 - 30 days	299	117
30 - 60 days	37	16
60 + days	48	40
Total	384	173

The increase in aged debtors from the prior year relates principally to tenants at sites awaiting development, rather than storage customers. The majority of these amounts have been collected since the year end.

#### Movement in the allowance for doubtful debts

	2013 £000	2012 £000
Balance at the beginning of the year	24	25
Amounts provided in year	116	39
Amounts written off as uncollectible	(95)	(40)
Balance at the end of the year	45	24

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

	2013 £000	2012 £000
1 - 30 days	-	2
30 - 60 days	3	3
60 + days	42	19
Total	45	24

## 17. TRADE AND OTHER PAYABLES

	31 March 2013 £000	31 March 2012 £000
<b>Current</b>		
Trade payables	8,454	9,159
Other payables	5,445	2,957
Accruals and deferred income	10,500	12,916
Amounts owed to associate	2	2
VAT repayable under Capital Goods Scheme	20	641
	<b>24,421</b>	25,675
<b>Non-current</b>		
VAT repayable under Capital Goods Scheme	12	315

The Group has financial risk management policies in place to ensure that all payables are paid within the credit terms. The Directors consider the carrying amount of trade and other payables and accruals and deferred income approximates fair value.

The Directors estimate the fair value of the Group's VAT payable under the Capital Goods Scheme as follows:

	2013		2012	
	Carrying amount £000	Estimated fair value £000	Carrying amount £000	Estimated fair value £000
VAT payable under the Capital Goods Scheme	32	31	956	913

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 debt facilities require 60% of total drawn debt to be fixed. The Group has complied with this during the year.

With the exception of derivative instruments which are classified as a financial liability at fair value through the profit and loss ("FVTPL"), financial liabilities are categorised under amortised cost. All financial assets are categorised as receivables.

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:

	2013 £000	2012 £000
Debt	(238,306)	(284,000)
Cash and cash equivalents	7,850	10,060
Net debt	(230,456)	(273,940)
Balance sheet equity	552,628	494,500
Net debt to equity ratio	41.7%	55.4%

Debt is defined as long-term and short-term bank 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.

# Notes to the Financial Statements (continued)

Year ended 31 March 2013

## 18. FINANCIAL INSTRUMENTS (continued)

### Significant accounting policies (continued)

#### B. Debt management

The Group borrows through a senior term loan, secured on 40 self storage assets and sites, and through a 15 year loan with Aviva Commercial Finance Limited secured on a portfolio of 15 self storage assets. 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, and 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.

At 31 March 2013 the Group had one interest rate derivative in place; £70 million fixed at 2.80% (excluding the margin on the underlying debt instrument) until September 2016.

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 statement of comprehensive income. The loss in the statement of comprehensive income for the year on the fair value of interest rate derivatives was £223,000 (2012: loss of £7,965,000).

The fair value of the above derivatives at 31 March 2013 was a liability of £5,494,000 (2012: liability of £15,748,000).

#### 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 2013, 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 £350,000 (2012: reduced adjusted profit before tax by £470,000) and a decrease of 0.5 percentage points in interest rates would have increased the Group's adjusted profit before tax by £350,000 (2012: increased adjusted profit before tax by £470,000). 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 38,000 customers in our 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)

### Significant accounting policies (continued)

#### H. Financial maturity analysis

In respect of interest-bearing financial liabilities, the following table provides a maturity analysis for individual elements.

2013 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Aviva mortgage	98,306	1,937	2,034	6,735	87,600
Bank loan payable at variable rate	70,000	–	–	70,000	–
Debt fixed by interest rate derivatives	70,000	–	–	70,000	–
<b>Total</b>	<b>238,306</b>	<b>1,937</b>	<b>2,034</b>	<b>146,735</b>	<b>87,600</b>

2013 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	94,000	–	94,000	–	–
Debt fixed by interest rate derivatives	190,000	–	190,000	–	–
<b>Total</b>	<b>284,000</b>	<b>–</b>	<b>284,000</b>	<b>–</b>	<b>–</b>

#### 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 value of the Group's outstanding interest rate derivative, as detailed in note 18C, has 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:

2013	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Finance leases £000	Total £000
From five to twenty years	–	–	122,377	23,489	145,866
From two to five years	–	2,216	168,561	5,965	176,742
From one to two years	12	1,649	12,472	1,989	16,122
Due after more than one year	12	3,865	303,410	31,443	338,730
Due within one year	24,421	1,641	12,472	1,989	40,523
<b>Total</b>	<b>24,433</b>	<b>5,506</b>	<b>315,882</b>	<b>33,432</b>	<b>379,253</b>

2012	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Finance leases £000	Total £000
From five to twenty years	–	–	–	25,436	25,436
From two to five years	–	4,854	–	5,953	10,807
From one to two years	315	4,235	288,680	1,984	295,214
Due after more than one year	315	9,089	288,680	33,373	331,457
Due within one year	25,675	4,860	10,228	1,984	42,747
<b>Total</b>	<b>25,990</b>	<b>13,949</b>	<b>298,908</b>	<b>35,357</b>	<b>374,204</b>

# Notes to the Financial Statements (continued)

Year ended 31 March 2013

## 18. FINANCIAL INSTRUMENTS (continued)

### Significant accounting policies (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.

	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
<b>2013</b>				
From five to twenty years	87,600	33,356	1,421	122,377
From two to five years	146,735	21,826	–	168,561
From one to two years	2,034	10,438	–	12,472
Due after more than one year	236,369	65,620	1,421	303,410
Due within one year	1,937	10,535	–	12,472
<b>Total</b>	<b>238,306</b>	<b>76,155</b>	<b>1,421</b>	<b>315,882</b>
<b>2012</b>				
From two to five years	–	–	–	–
From one to two years	282,960	4,680	1,040	288,680
Due after more than one year	282,960	4,680	1,040	288,680
Due within one year	–	10,228	–	10,228
<b>Total</b>	<b>282,960</b>	<b>14,908</b>	<b>1,040</b>	<b>298,908</b>

## 19. BORROWINGS

	31 March 2013 £000	31 March 2012 £000
<b>Secured borrowings at amortised cost</b>		
Current liabilities		
Aviva mortgage	1,937	–
Non-current liabilities		
Bank borrowings	140,000	284,000
Aviva mortgage	96,369	–
Unamortised loan arrangement costs	(1,421)	(1,040)
Total non-current borrowings	234,948	282,960
Total borrowings	236,885	282,960

The weighted average interest rate paid on the borrowings during the year was 4.0% [2012: 3.7%].

The Group has £15,000,000 in undrawn committed borrowing facilities at 31 March 2013, which expire between three and four years [2012: £41,000,000 expiring between one and two years].

On 26 April 2012, the Group announced the completion of a £100 million 15 year fixed rate loan with Aviva Commercial Finance Limited. The loan is secured over a portfolio of 15 freehold self storage centres which were valued at £242.1 million at 29 February 2012 for the purposes of the drawdown. The annual fixed interest rate on the loan is 4.9%.

The loan amortises to £60 million over the course of the 15 years, consistent with the Group's medium term debt reduction strategy. The debt service is payable monthly based on fixed annual amounts. The loan outstanding on the fifth anniversary will be £89.8 million; £76.7 million outstanding on the tenth anniversary, with £60 million remaining at expiry in April 2027.

In October 2012 the Group entered into a new £190 million four year bank facility with Lloyds TSB, HSBC and Santander, expiring in September 2016. The facility replaced the Group's existing £225 million facility, expiring in September 2013, which was provided by the same three banks and HSH Nordbank, who have been fully repaid following completion of this refinancing.

In February 2013, the Group repaid and cancelled £35 million of the bank facility following the placing carried out in January 2013, leaving a facility amount of £155 million. £120 million of the facility is term loan with the balance of £35 million revolving.

The facilities attract a ratcheted margin over LIBOR based on interest cover. The Group is currently paying a blended 2.4% margin, the lowest margin on the ratchet, which is effective for income cover of greater than 3 times.

## 19. BANK BORROWINGS (continued)

The Group was comfortably in compliance with its banking covenants at 31 March 2013, as illustrated in the table below.

Covenant	Covenant level	At 31 March 2013
Consolidated EBITDA	Minimum 1.5x	<b>3.48x</b>
Consolidated net tangible assets (less goodwill)	Minimum £250m	<b>£551.2m</b>
Bank loan income cover	Minimum 1.75x	<b>4.55x</b>
Aviva loan interest service cover ratio	Minimum 1.5x	<b>2.54x</b>
Aviva loan debt service cover ratio	Minimum 1.2x	<b>1.85x</b>

The bank and Aviva loan income cover ratios are calculated by dividing the net operating income earned from the respective charged asset pools by the interest charged on each loan over a rolling 12 month period. The Aviva debt service covenant additionally includes the capital repayment with the interest.

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
<b>At 31 March 2013</b>						
<b>Gross financial liabilities</b>	<b>238,306</b>	<b>70,000</b>	<b>168,306</b>	<b>4.4%</b>	<b>8.3 years</b>	<b>6.9 years</b>
At 31 March 2012						
Gross financial liabilities	284,000	94,000	190,000	3.7%	6.0 years	3.5 years

The floating rate at 31 March 2013 was paying a margin of 2.3% above one month LIBOR, the fixed rate debt was paying a weighted average margin of 2.5%. 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. The Directors have concluded that the carrying value of borrowings equates to its fair value.

Narrative disclosures on the Group's policy for financial instruments are included within the Report on Corporate Governance and in note 18.

## 20. DEFERRED TAX

Deferred tax assets in respect of share based payments (£0.2 million), interest rate swaps (£1.3 million), losses (£6.6 million), capital allowances in excess of depreciation (£0.4 million) and capital losses (£2.0 million) in respect of the non-REIT taxable business have not been recognised due to uncertainty over the projected tax liabilities arising in the short term within the non-REIT taxable business.

## 21. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value minimum of lease payments	
	2013 £000	2012 £000	2013 £000	2012 £000
<b>Amounts payable under finance leases:</b>				
Within one year	<b>1,989</b>	1,984	<b>1,952</b>	1,946
Within two to five years inclusive	<b>7,954</b>	7,937	<b>6,917</b>	6,857
Greater than five years	<b>23,489</b>	25,436	<b>12,934</b>	13,591
	<b>33,432</b>	35,357	<b>21,803</b>	22,394
Less: future finance charges	<b>(11,629)</b>	(12,963)		
Present value of lease obligations	<b>21,803</b>	22,394		

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.

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 22. SHARE CAPITAL

	Authorised		Called up, allotted and fully paid	
	2013 £000	2012 £000	2013 £000	2012 £000
Ordinary shares of 10 pence each	20,000	20,000	14,264	13,139
Movement in issued share capital				
Number of shares at 31 March 2011				131,060,522
Exercise of share options – Share option schemes				332,519
Number of shares at 31 March 2012				131,393,041
Issue of shares to Employee Benefit Trust				876,671
Exercise of share options – Share option schemes				369,935
Placing of shares				10,000,000
Number of shares at 31 March 2013				<b>142,639,647</b>

The Company has one class of ordinary shares which carry no right to fixed income.

At 31 March 2013 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 2013	Number of ordinary shares 2012
15 May 2002	102p	15 May 2005	14 May 2012	–	8,000
16 December 2002	81.5p	16 December 2005	15 December 2012	–	8,150
2 July 2003	82.5p	2 July 2006	1 July 2013	10,000	18,613
11 November 2003	96p	11 November 2006	10 November 2013	4,350	7,650
6 June 2005	nil p**	6 June 2008	5 June 2015	66,667	74,765
9 June 2006	nil p**	9 June 2009	8 June 2016	72,462	91,665
9 July 2008	nil p**	9 July 2011	8 July 2018	24,080	57,620
24 February 2009	141p*	1 April 2012	1 October 2012	–	215,650
3 August 2009	nil p**	3 August 2012	2 August 2019	24,425	372,967
23 February 2010	255p*	1 April 2013	1 October 2013	6,985	11,263
12 July 2010	nil p**	12 July 2013	11 July 2020	440,072	457,212
28 February 2011	263p*	28 February 2014	29 August 2014	26,184	29,060
19 July 2011	nil p**	19 July 2013	19 July 2021	492,082	493,582
12 March 2012	240p*	1 April 2015	1 October 2015	111,820	124,702
11 July 2012	nil p**	11 July 2015	10 July 2022	626,977	–
12 March 2013	303.5p*	1 April 2016	1 October 2016	53,657	–
				<b>1,959,761</b>	1,970,899

\* 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. 1,500,000 shares are held in the Employee Benefit Trust (2012: 1,885,117), and 1,418,750 shares are held in treasury (2012: 1,418,750).

### 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 £1,376,000 (2012: £1,532,000).

#### Equity-settled share option plans

The Group granted options to employees under Approved and Unapproved HMRC Share option schemes between November 1999 and 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 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 three 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.

## 23. SHARE BASED PAYMENTS (continued)

On an annual basis since 2004 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 pages 61 and 62 of the Remuneration Report. The awards granted in 2004, 2005 and 2006 vested in full. The awards granted in 2007 and 2009 lapsed, and the awards granted in 2008 partially vested.

The weighted average share price at the date of exercise for options exercised in the year was £3.19 (2012: £2.87).

Share option scheme "ESO"	2013 No. of options	2013 Weighted average exercise price (£)	2012 No. of options	2012 Weighted average exercise price (£)
Outstanding at beginning of year	42,413	0.85	86,351	0.92
Exercised during the year	(28,044)	0.89	(43,938)	0.95
Lapsed during the year	(19)	–	–	–
Outstanding at the end of the year	14,350	0.87	42,413	0.85
Exercisable at the end of the year	14,350	0.87	42,413	0.85

Options outstanding at 31 March 2013 had a weighted average contractual life of 0.3 years (2012: 1.2 years).

LTIP scheme	2013 No. of options	2012 No. of options
Outstanding at beginning of year	1,547,811	1,377,709
Granted during the year	626,977	495,582
Forfeited during the year	(308,350)	(48,300)
Exercised during the year	(119,673)	(277,180)
Outstanding at the end of the year	1,746,765	1,547,811
Exercisable at the end of the year	187,634	220,550

The weighted average fair value of options granted during the year was £650,000 (2012: £433,000).

Options outstanding at 31 March 2013 had a weighted average contractual life of 7.9 years (2012: 7.8 years).

Employee Share Save Scheme ("SAYE")	2013 No. of options	2013 Weighted average exercise price (£)	2012 No. of options	2012 Weighted average exercise price (£)
Outstanding at beginning of year	380,675	1.86	302,599	1.73
Granted during the year	53,657	2.40	124,702	2.40
Forfeited during the year	(13,468)	2.98	(35,225)	2.38
Exercised during the year	(222,218)	1.41	(11,401)	2.66
Outstanding at the end of the year	198,646	2.61	380,675	1.86
Exercisable at the end of the year	–	–	–	–

Options outstanding at 31 March 2013 had a weighted average contractual life of 2.5 years (2012: 1.6 years).

The inputs into the Black-Scholes model are as follows:

	LTIP	SAYE
Expected volatility	30%	37%
Expected life	3 years	3 years
Risk-free rate	0.8%	1.4%
Expected dividends	4.4%	4.3%

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 an equity instrument. The plan was set up in November 2012. Directors have a partial interest in 1,500,000 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 2013 the weighted average contractual life was 2.6 years.

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 24. CAPITAL COMMITMENTS

There were no amounts contracted but not provided in respect of the Group's properties as at 31 March 2013 (2012: £4.9 million).

### 25. EVENTS AFTER THE BALANCE SHEET DATE

There are no reportable post balance sheet events.

### 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 £639,000 (2012: £720,000). At 31 March 2013, the Partnership owed £526,000 to the Group (2012: Partnership owed £294,000 to the Group).

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 66 to 68.

	31 March 2013 £000	31 March 2012 £000
Short term employee benefits	1,184	1,155
Post-employment benefits	89	86
Share based payments	2,700	464
	<b>3,973</b>	1,705

#### Dreams plc

Steve Johnson, a Non-Executive Director of the Group was the Executive Chairman of Dreams plc until 31 October 2012. During the year, the Group continued to lease a retail unit at its Eltham store to Dreams plc on normal commercial terms.

#### AnyJunk Limited

James Gibson is a Non-Executive Director and shareholder in AnyJunk Limited and Adrian Lee is a shareholder in AnyJunk Limited. During the year AnyJunk Limited provided waste disposal services to the Group on normal commercial terms, amounting to £19,000 (2012: £12,000).

No other related party transactions took place during the years ended 31 March 2013 and 31 March 2012.

# Company Balance Sheet

Year ended 31 March 2013

	Note	2013 £000	2012 £000
<b>Non-current assets</b>			
Plant, equipment and owner-occupied property	29a	1,476	1,511
Investment in subsidiary companies	29b	8,006	6,630
		<b>9,482</b>	8,141
<b>Current assets</b>			
Trade and other receivables	30	535,689	659,531
Cash and cash equivalents		2,155	5,056
		<b>537,844</b>	664,587
<b>Total assets</b>		<b>547,326</b>	672,728
<b>Current liabilities</b>			
Trade and other payables	31	(1,463)	(1,576)
		<b>(1,463)</b>	(1,576)
<b>Non-current liabilities</b>			
Derivative financial instruments	32	(5,494)	(15,748)
Other payables	31	(6,743)	–
Bank borrowings	32	(140,000)	(282,960)
		<b>(152,237)</b>	(298,708)
<b>Total liabilities</b>		<b>(153,700)</b>	(300,284)
<b>Net assets</b>		<b>393,626</b>	372,444
<b>Equity</b>			
Called up share capital	22	14,264	13,139
Share premium account		44,278	43,432
Reserves		335,084	315,873
<b>Equity shareholders' funds</b>		<b>393,626</b>	372,444

The financial statements were approved by the Board of Directors and authorised for issue on 20 May 2013. They were signed on its behalf by:

**James Gibson**                      **John Trotman**  
 Director                                  Director  
 Company Registration No. 03625199

# Company Cash Flow Statement

Year ended 31 March 2013

	2013 £000	2012 £000
Operating loss	(1,092)	(846)
Depreciation	35	35
Decrease in receivables	132,920	778
Increase in payables	6,848	889
<b>Cash generated by operations</b>	<b>138,711</b>	856
Interest paid	(20,867)	(10,378)
Interest received	34	12,527
<b>Cash flows from operating activities</b>	<b>117,878</b>	3,005
<b>Financing activities</b>		
Issue of share capital	36,764	61
Purchase of own shares	-	(3,727)
Equity dividends paid	(13,543)	(12,223)
(Reduction)/increase in borrowings	(144,000)	9,000
<b>Cash flows from financing activities</b>	<b>(120,779)</b>	(6,889)
<b>Net decrease in cash and cash equivalents</b>	<b>(2,901)</b>	(3,884)
<b>Opening cash and cash equivalents</b>	<b>5,056</b>	8,940
<b>Closing cash and cash equivalents</b>	<b>2,155</b>	5,056

## Company Statement of Changes in Equity

Year ended 31 March 2013

	Share capital £000	Share premium account £000	Share redemption reserve £000	Capital Retained earnings £000	Other distributable reserves £000	Own shares £000	Total £000
At 1 April 2012	13,139	43,432	1,653	319,843	–	(5,623)	372,444
Total comprehensive loss for the year	–	–	–	(5,070)	–	–	(5,070)
Equity dividends paid	–	–	–	(13,543)	–	–	(13,543)
Issue of share capital	1,125	846	–	–	34,793	–	36,764
Credit to equity for equity-settled share based payments	–	–	–	3,031	–	–	3,031
<b>At 31 March 2013</b>	<b>14,264</b>	<b>44,278</b>	<b>1,653</b>	<b>304,261</b>	<b>34,793</b>	<b>(5,623)</b>	<b>393,626</b>

The Company's share capital is disclosed in note 22.

The other distributable reserve arose from merger relief under S612 of Companies Act 2006, following the Company's placing of 10 million shares in the year.

The own shares balance represents amounts held in treasury and by the Employee Benefit Trust (see note 22).

Year ended 31 March 2012

	Share capital £000	Share premium account £000	Share redemption reserve £000	Capital Retained earnings £000	Other distributable reserves £000	Own shares £000	Total £000
At 1 April 2011	13,106	43,404	1,653	342,395	–	(1,896)	398,662
Total comprehensive loss for the year	–	–	–	(11,320)	–	–	(11,320)
Equity dividends paid	–	–	–	(12,223)	–	–	(12,223)
Issue of share capital	33	28	–	–	–	–	61
Purchase of own shares	–	–	–	–	–	(3,727)	(3,727)
Credit to equity for equity-settled share based payments	–	–	–	991	–	–	991
At 31 March 2012	13,139	43,432	1,653	319,843	–	(5,623)	372,444

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 27. PROFIT FOR THE YEAR

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the Company is not presented as part of these financial statements. The loss for the year attributable to equity shareholders dealt with in the financial statements of the Company was £5.1 million (2012: loss of £11.3 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

#### a) Plant, equipment and owner occupied property

	Freehold property £000	Leasehold improvements £000	Total £000
<b>Cost</b>			
<b>At 31 March 2012 and 31 March 2013</b>	<b>1,735</b>	<b>17</b>	<b>1,752</b>
<b>Accumulated depreciation</b>			
At 31 March 2012	(224)	(17)	(241)
Charge for the year	(35)	–	(35)
<b>At 31 March 2013</b>	<b>(259)</b>	<b>(17)</b>	<b>(276)</b>
<b>Net book value</b>			
<b>At 31 March 2013</b>	<b>1,476</b>	<b>–</b>	<b>1,476</b>
At 31 March 2012	1,511	–	1,511

#### b) Investments in subsidiary companies

	Investment in subsidiary undertakings £000
<b>Cost</b>	
At 31 March 2012	6,630
Additions	1,376
<b>At 31 March 2013</b>	<b>8,006</b>

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 29. NON-CURRENT ASSETS (continued)

#### b) Investments in subsidiary companies (continued)

Details of the Company's principal subsidiary companies at 31 March 2013 and 31 March 2012 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 A 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
BYSSCo A 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 2013 and 31 March 2012 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

### 30. TRADE AND OTHER RECEIVABLES

	31 March 2013 £000	31 March 2012 £000
Amounts owed by Group undertakings	535,615	659,443
Prepayments and accrued income	74	88
	<b>535,689</b>	659,531

### 31. TRADE AND OTHER PAYABLES

	31 March 2013 £000	31 March 2012 £000
<b>Current</b>		
Other payables	1,041	942
Accruals and deferred income	422	634
	<b>1,463</b>	1,576
<b>Non-Current</b>		
Other payables	6,743	–

## Notes to the Financial Statements (continued)

Year ended 31 March 2013

### 32. BANK BORROWINGS AND FINANCIAL INSTRUMENTS

#### Interest rate derivatives

The Company has one interest rate swap in place at the year end; £70 million fixed at 2.80% (excluding the margin on the underlying debt instrument) until September 2016.

The floating rate at 31 March 2013 was paying a margin of 2.3% above one month LIBOR, the fixed rate debt was paying a weighted average margin of 2.5%.

The Group's policy on risk management is set out in the Report on Corporate Governance on pages 39 to 41 and in note 18.

	31 March 2013 £000	31 March 2012 £000
Bank borrowings	140,000	284,000
Unamortised loan arrangement costs	–	(1,040)
	<b>140,000</b>	282,960

#### Maturity profile of financial liabilities

	2013 Financial liabilities £000	2012 Financial liabilities £000
Between one and two years	–	284,000
Between two and five years	140,000	–
Gross financial liabilities	<b>140,000</b>	284,000

The fair value of interest rate derivatives at 31 March 2013 was a liability of £5,494,000 (2012: liability of £15,748,000). 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 £1,041,000 in the current year (2012: £942,000), 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 £535,615,000 (2012: £659,443,000), including intercompany interest receivable of £7,824,000 (2012: £12,506,000).

# Ten Year Summary

Year ended 31 March 2013

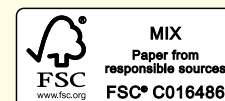
	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
<b>Results</b>										
Revenue	<b>69,671</b>	65,663	61,885	57,995	58,487	56,870	51,248	41,889	33,375	23,830
Operating profit before gains and losses on property assets	<b>37,454</b>	35,079	32,058	29,068	30,946	29,342	27,067	21,645	15,030	4,719
Cash flow from operating activities	<b>30,186</b>	27,388	23,534	19,063	10,203	14,388	16,726	16,125	9,664	5,761
Profit/(loss) before taxation	<b>31,876</b>	(35,551)	6,901	10,209	(71,489)	102,618	152,837	118,547	42,836	1,243
Adjusted profit before taxation	<b>25,471</b>	23,643	20,207	16,514	13,791	15,006	14,233	12,601	7,791	n/d
Net assets	<b>552,628</b>	494,500	544,949	547,285	502,317	580,886	487,979	244,139	159,168	58,391
EPPA earnings per share	<b>19.3p</b>	18.2p	15.5p	13.0p	11.9p	11.7p	10.0p	8.9p	5.5p	n/d
Declared total dividend per share	<b>11.0p</b>	10.0p	9.0p	4.0p	0p	9.5p	9.0p	5.0p	2.0p	1.05p
<b>Key statistics</b>										
Number of stores open*	<b>66</b>	65	62	60	54	48	43	37	32	29
Sq ft occupied (000)*	<b>2,632</b>	2,458	2,130	1,915	1,775	1,850	1,835	1,672	1,470	1,268
Occupancy growth in year (000 sq ft)*	<b>174</b>	328	215	140	(75)	15	163	202	202	393
Number of customers*	<b>38,500</b>	36,300	32,800	30,500	28,500	30,500	30,100	27,800	24,600	20,400
Average no. of employees during the year	<b>286</b>	279	273	252	239	218	191	178	160	140

\* – 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

The paper used in this report is produced with FSC mixed sources pulp which is partially recyclable, biodegradable, pH Neutral, heavy metal absence and acid-free. It is manufactured within a mill which complies with the international environmental ISO 14001 standard.

CPI Colour is FSC certified, PEFC certified and ISO 14001 certified showing that it is committed to all round excellence and improving environmental performance is an important part of this strategy. We aim to reduce at source the effect our operations have on the environment, and are committed to continual improvement, prevention of pollution and compliance with any legislation or industry standards.

CPI Colour is a Carbon Neutral Printing Company.



Designed and produced by **MAGEE**

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