

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
At 31 March 2011	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)
At 31 March 2012	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)
At 31 March 2013	745,605	17,277	21,803	784,685

* 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
Cost						
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
At 31 March 2013	1,867	44	826	25	6,958	9,720
Depreciation						
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)
At 31 March 2013	(261)	(44)	(609)	(15)	(6,041)	(6,970)
Net book value						
At 31 March 2013	1,606	–	217	10	917	2,750
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)
	17,681	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
Big Yellow Limited Partnership		
Income statement (100%)		
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)
Balance sheet (100%)		
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)
Net assets (100%)	53,044	46,489
Group share of (33.3%)		
	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.