

# 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.