



## 1. ACCOUNTING POLICIES

### Basis of preparation

The results for the period ended 30 September 2017 are unaudited and were approved by the Board on 20 November 2017. The financial information contained in this report in respect of the year ended 31 March 2017 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

The annual financial statements of Big Yellow Group PLC are prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34 "Interim Financial Reporting", as adopted by the European Union. The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements.

### Valuation of assets and liabilities held at fair value

For those financial instruments held at fair value, 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 13. 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 derivatives 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 13. Investment Property and Investment Property under Construction have been classified as Level 3. This is discussed further in note 14.

### Going concern

A review of the Group's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Chairman's Statement and the Business and Financial Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are shown in the balance sheet, cash flow statement and accompanying notes to the interim statement. 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 Strategic Report within the Group's Annual Report for the year ended 31 March 2017.

The Directors have considered carefully the Group's trading performance and cash flows in the context of the uncertain global economic environment, Brexit and the other principal risks to the Group's performance. After reviewing Group and Company cash balances, projected cash flows, and the borrowing facilities available to the Group, 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 carefully considered the Group's operating plan and budget and projections contained in the detailed longer term business plan. For this reason, they continue to adopt the going concern basis in preparing the half year report.



## 2. SEGMENTAL INFORMATION

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

	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000	Year ended 31 March 2017 (audited) £000
<b>Open stores</b>			
Self storage income	48,408	45,856	91,600
Other storage related income	8,443	7,800	15,189
Ancillary store rental income	262	255	526
	<b>57,113</b>	53,911	107,315
<b>Other revenue</b>			
Non-storage income	456	448	885
Management fees	506	434	870
<b>Total revenue</b>	<b>58,075</b>	54,793	109,070

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

Further analysis of the Group's operating revenue and costs are in the Portfolio Summary and the Business and Financial Review.

The seasonality of the business is discussed in note 17.

## 3. INVESTMENT INCOME

	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000	Year ended 31 March 2017 (audited) £000
Bank interest receivable	5	13	16
Unwinding of discount on Capital Goods Scheme receivable	144	200	340
<b>Total interest receivable</b>	<b>149</b>	213	356
Fair value movement on derivatives	842	–	719
<b>Total investment income</b>	<b>991</b>	213	1,075

## 4. FINANCE COSTS

	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000	Year ended 31 March 2017 (audited) £000
Interest on bank borrowings	4,951	5,750	10,953
Capitalised interest	(170)	–	(128)
Interest on finance lease obligations	492	470	931
<b>Total interest payable</b>	<b>5,273</b>	6,220	11,756
Refinancing costs	1,526	–	–
Change in fair value of interest rate derivatives	–	971	–
<b>Total finance costs</b>	<b>6,799</b>	7,191	11,756

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



## 5. 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 if 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.

	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000	Year ended 31 March 2017 (audited) £000
Current tax:			
– Current year	315	325	417
– Prior year	(13)	–	(145)
	<b>302</b>	325	272

## 6. ADJUSTED PROFIT BEFORE TAX

	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000	Year ended 31 March 2017 (audited) £000
Profit before tax	78,663	57,748	99,783
Gain on revaluation of investment properties – Group	(47,464)	(31,577)	(43,706)
– associates (net of deferred tax)	(716)	(267)	(756)
Change in fair value of interest rate derivatives – Group	(842)	971	(719)
– associates	(36)	54	8
Gain on part disposal of investment property	(650)	–	–
Acquisition costs written off	–	296	296
Prior period VAT recovery	–	(328)	(328)
Share of associate acquisition costs written off	73	61	63
Refinancing costs	1,526	–	–
Adjusted profit before tax	<b>30,554</b>	26,958	54,641
Tax	(302)	(325)	(272)
Adjusted profit after tax (EPRA earnings)	<b>30,252</b>	26,633	54,369

Adjusted profit before tax, which excludes the revaluation of investment properties, changes in fair value of interest rate derivatives, net gains and losses on disposals, and any non-recurring items of income and expenditure, has been disclosed to give a clearer understanding of the Group's underlying trading performance.

## 7. DIVIDENDS

	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2017 of 14.1p (2016: 12.8p) per share	22,107	20,003
Proposed interim dividend for the year ending 31 March 2018 of 15.3p (2017: 13.5p) per share	24,076	21,155

The proposed interim dividend of 15.3 pence per ordinary share will be paid to shareholders on 5 January 2018. The ex-div date is 7 December 2017 and the record date is 8 December 2017. The interim dividend is all Property Income Dividend.



## 8. EARNINGS PER ORDINARY SHARE

The European Public Real Estate Association ("EPRA") has issued recommended bases for the calculation of certain per share information and these are included in the following table.

	Six months ended 30 September 2017 (unaudited)			Six months ended 30 September 2016 (unaudited)			Year ended 31 March 2017 (audited)		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	78.4	156.9	50.0	57.4	156.3	36.7	99.5	156.5	63.6
Dilutive share options	–	1.4	(0.5)	–	1.1	(0.2)	–	1.2	(0.5)
Diluted	78.4	158.3	49.5	57.4	157.4	36.5	99.5	157.7	63.1
<i>Adjustments:</i>									
Gain on revaluation of investment properties	(47.5)	–	(30.0)	(31.6)	–	(20.1)	(43.7)	–	(27.7)
Gain on part disposal of investment property	(0.6)	–	(0.4)	–	–	–	–	–	–
Change in fair value of interest rate derivatives	(0.8)	–	(0.5)	1.0	–	0.6	(0.7)	–	(0.4)
Acquisition costs written off	–	–	–	0.3	–	0.2	0.3	–	0.2
Prior period VAT recovery	–	–	–	(0.3)	–	(0.2)	(0.3)	–	(0.2)
Refinancing costs	1.5	–	0.9	–	–	–	–	–	–
Share of associates' non-recurring gains and losses	(0.7)	–	(0.4)	(0.2)	–	(0.1)	(0.7)	–	(0.5)
EPRA – diluted	30.3	158.3	19.1	26.6	157.4	16.9	54.4	157.7	34.5
EPRA – basic	30.3	156.9	19.3	26.6	156.3	17.0	54.4	156.5	34.8

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

EPRA earnings per ordinary share, before the revaluation of investment properties, gains and losses on disposal of assets, the change in fair value of interest rate derivatives, one-off items of expenditure, and the Group's share of its associates' one-off items of expenditure, derivative and revaluation movements, has been disclosed to give a clearer understanding of the Group's underlying trading performance.

## 9. NON-CURRENT ASSETS

### a) Investment property

	Investment property £000	Investment property under construction £000	Interest in leasehold properties £000	Total £000
<b>At 1 April 2017</b>	1,154,390	36,115	23,601	1,214,106
Additions	2,313	13,527	–	15,840
Adjustment to present value	–	–	(18)	(18)
Revaluation	48,007	(543)	–	47,464
Depreciation	–	–	(509)	(509)
<b>At 30 September 2017</b>	<b>1,204,710</b>	<b>49,099</b>	<b>23,074</b>	<b>1,276,883</b>

Capital commitments at 30 September 2017 were £6.5 million (31 March 2017: £8.6 million).

During the period the Group sold land at its Richmond store to an adjoining landowner for £650,000. The valuation of the store was not impacted by this disposal, hence the full proceeds have been recorded as profit on part disposal of investment property. This has been eliminated from the Group's adjusted profit for the period.



## 9. 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 and office equipment £000	Total £000
<b>Cost</b>						
At 1 April 2017	2,189	97	649	32	1,431	4,398
Additions	–	7	65	–	210	282
Retirement of fully depreciated assets	–	(30)	(17)	–	(170)	(217)
<b>At 30 September 2017</b>	<b>2,189</b>	<b>74</b>	<b>697</b>	<b>32</b>	<b>1,471</b>	<b>4,463</b>
<b>Accumulated depreciation</b>						
At 1 April 2017	(409)	(50)	(265)	(7)	(451)	(1,182)
Charge for the period	(21)	(1)	(60)	(4)	(277)	(363)
Retirement of fully depreciated assets	–	30	17	–	170	217
<b>At 30 September 2017</b>	<b>(430)</b>	<b>(21)</b>	<b>(308)</b>	<b>(11)</b>	<b>(558)</b>	<b>(1,328)</b>
<b>Net book value</b>						
<b>At 30 September 2017</b>	<b>1,759</b>	<b>53</b>	<b>389</b>	<b>21</b>	<b>913</b>	<b>3,135</b>
At 31 March 2017	1,780	47	384	25	980	3,216

## c) Goodwill

Goodwill relates to the purchase of Big Yellow Self Storage Company Limited in 1999. The asset is tested annually for impairment or more frequently if there are indicators of impairment. The carrying value of £1.4 million remains unchanged from the prior year as there is considered to be no indication of impairment in the value of the asset.

## d) Investment in associates

## Armadillo Partnerships

The Group has a 20% interest in Armadillo Storage Holding Company Limited (“Armadillo 1”) and a 20% interest in Armadillo Storage Holding Company 2 Limited (“Armadillo 2”). Both interests are accounted for as associates, using the equity method of accounting.

	Armadillo 1			Armadillo 2		
	30 September 2017 (unaudited) £000	30 September 2016 (unaudited) £000	31 March 2017 (audited) £000	30 September 2017 (unaudited) £000	30 September 2016 (unaudited) £000	31 March 2017 (audited) £000
At the beginning of the period	5,048	4,173	4,173	2,404	2,233	2,233
Share of results (see below)	598	273	1,093	348	284	349
Dividends	(120)	(104)	(218)	(91)	(87)	(178)
At the end of the period	5,526	4,342	5,048	2,661	2,430	2,404

The Group's total subscription for partnership capital and advances in Armadillo 1 is £1,920,000 and £1,789,000 in Armadillo 2.

On 26 October 2017, Armadillo 1 declared an interim dividend of £675,000 and Armadillo 2 declared an interim dividend of £500,000, of which the Group's share is £135,000 and £100,000 respectively.



## 9. NON-CURRENT ASSETS (continued)

### d) Investment in associates (continued)

The figures below show the trading results of the Armadillo Partnerships, and the Group's share of the results and the net assets.

	Armadillo 1			Armadillo 2		
	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000	Year ended 31 March 2017 (audited) £000	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000	Year ended 31 March 2017 (audited) £000
<b>Income statement (100%)</b>						
Revenue	4,059	3,098	6,324	2,223	2,088	4,159
Cost of sales	(2,138)	(1,606)	(3,270)	(996)	(925)	(1,763)
Administrative expenses	(107)	(34)	(207)	(50)	(50)	(88)
Operating profit	1,814	1,458	2,847	1,177	1,113	2,308
Gain on the revaluation of investment properties	3,001	639	3,725	1,309	986	322
Net interest payable	(452)	(350)	(718)	(330)	(387)	(729)
Acquisition costs written off	(366)	(303)	(316)	–	–	–
Fair value movement of interest rate derivatives	89	(98)	8	91	(173)	(49)
Current and deferred tax	(1,100)	20	(78)	(503)	(120)	(109)
Profit attributable to shareholders	2,986	1,366	5,468	1,744	1,419	1,743
Dividends paid	(600)	(520)	(1,091)	(456)	(434)	(890)
Retained profit	2,386	846	4,377	1,288	985	853
<b>Balance sheet (100%)</b>						
Investment property	51,416	39,442	43,375	27,274	25,979	25,900
Interest in leasehold properties	1,421	–	–	3,381	3,668	3,526
Other non-current assets	1,156	1,552	1,125	1,503	1,487	1,487
Current assets	1,432	823	1,177	579	890	867
Current liabilities	(2,743)	(1,613)	(1,895)	(1,746)	(1,663)	(1,821)
Derivative financial instruments	(110)	(305)	(199)	(97)	(312)	(188)
Non-current liabilities	(24,944)	(18,188)	(18,341)	(17,588)	(17,899)	(17,753)
<b>Net assets (100%)</b>	<b>27,628</b>	<b>21,711</b>	<b>25,242</b>	<b>13,306</b>	<b>12,150</b>	<b>12,018</b>
<b>Group share (20%)</b>						
Operating profit	363	292	569	235	222	462
Gain on the revaluation of investment properties	600	128	745	262	197	64
Net interest payable	(90)	(70)	(144)	(66)	(77)	(146)
Acquisition costs written off	(73)	(61)	(63)	–	–	–
Fair value movement of interest rate derivatives	18	(20)	2	18	(34)	(10)
Current and deferred tax	(220)	4	(16)	(101)	(24)	(21)
Profit attributable to shareholders	598	273	1,093	348	284	349
Dividends paid	(120)	(104)	(218)	(91)	(87)	(178)
Retained profit	478	169	875	257	197	171
Associates' net assets	5,526	4,342	5,048	2,661	2,430	2,404

**10. TRADE AND OTHER RECEIVABLES**

	<b>30 September 2017 (unaudited) £000</b>	30 September 2016 (unaudited) £000	31 March 2017 (audited) £000
<b>Current</b>			
Trade receivables	<b>3,978</b>	3,431	3,174
Capital Goods Scheme receivable	<b>1,819</b>	3,978	2,725
Other receivables	<b>354</b>	213	266
Prepayments and accrued income	<b>7,756</b>	6,746	11,877
	<b>13,907</b>	14,368	18,042
<b>Non-current</b>			
Capital Goods Scheme receivable	<b>2,809</b>	4,006	4,091

**11. TRADE AND OTHER PAYABLES**

	<b>30 September 2017 (unaudited) £000</b>	30 September 2016 (unaudited) £000	31 March 2017 (audited) £000
<b>Current</b>			
Trade payables	<b>6,505</b>	5,722	13,279
Other payables	<b>9,331</b>	8,503	8,352
Accruals and deferred income	<b>16,812</b>	15,157	15,304
	<b>32,648</b>	29,382	36,935

**12. BORROWINGS**

	<b>30 September 2017 (unaudited) £000</b>	30 September 2016 (unaudited) £000	31 March 2017 (audited) £000
Aviva loan	<b>2,414</b>	2,299	2,356
<b>Current borrowings</b>	<b>2,414</b>	2,299	2,356
Aviva loan	<b>86,377</b>	88,791	145,000
M&G loan	<b>70,000</b>	70,000	87,599
Bank borrowings	<b>152,000</b>	150,000	70,000
Unamortised debt arrangement costs	<b>(1,780)</b>	(3,277)	(3,276)
<b>Non-current borrowings</b>	<b>306,597</b>	305,514	299,323
<b>Total borrowings</b>	<b>309,011</b>	307,813	301,679

The Group does not hedge account for its interest rate swaps and states them at fair value, with changes in fair value included in the income statement. The gain in the income statement for the period of these interest rate swaps was £842,000 (2016: loss of £971,000). During the period, the Group cancelled an interest rate derivative at a cost of £3.4 million. At 30 September 2017 the Group and the Armadillo Partnerships were in compliance with all loan covenants.



**13. ADJUSTED NET ASSETS PER SHARE**

	<b>30 September 2017 (unaudited) £000</b>	30 September 2016 (unaudited) £000	31 March 2017 (audited) £000
Basic net asset value	<b>948,629</b>	868,249	890,350
Exercise of share options	<b>1,105</b>	884	820
EPRA NNNAV	<b>949,734</b>	869,133	891,170
Adjustments:			
Fair value of derivatives	<b>(1,252)</b>	4,654	2,964
Fair value of derivatives – share of associates	<b>41</b>	123	77
Share of deferred tax on revaluations in associates	<b>772</b>	631	626
EPRA NAV	<b>949,295</b>	874,541	894,837
Basic net assets per share (pence)	<b>602.8</b>	554.3	568.0
EPRA NNNAV per share (pence)	<b>595.8</b>	548.6	562.1
EPRA NAV per share (pence)	<b>595.5</b>	552.0	564.4
EPRA NAV (£000)	<b>949,295</b>	874,541	894,837
Valuation methodology assumption (£000) (see note 14)	<b>72,181</b>	66,674	68,530
Adjusted net asset value (£000)	<b>1,021,476</b>	941,215	963,367
Adjusted net assets per share (pence)	<b>640.8</b>	594.1	607.6
	<b>No. of shares</b>	No. of shares	No. of shares
Shares in issue	<b>158,480,574</b>	157,765,696	157,882,867
Own shares held in EBT	<b>(1,122,907)</b>	(1,122,907)	(1,122,907)
Basic shares in issue used for calculation	<b>157,357,667</b>	156,642,789	156,759,960
Exercise of share options	<b>2,056,268</b>	1,797,279	1,781,652
Diluted shares used for calculation	<b>159,413,935</b>	158,440,068	158,541,612

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

Adjusted net assets per share include:

- the effect of those shares issuable under employee share option schemes; and
- the effect of alternative valuation methodology assumptions (see note 14).



#### 14. VALUATIONS OF INVESTMENT PROPERTY

The Group has classified the fair value investment property and the investment property under construction within Level 3 of the fair value hierarchy. There has been no transfer to or from Level 3 in the period.

The freehold and leasehold investment properties have been valued at 30 September 2017 by the Directors. The valuation has been carried out in accordance with the same methodology as the year end valuations prepared by Cushman & Wakefield LLP. Please see the accounts for the year ended 31 March 2017 for details of this methodology.

The Directors' valuations reflect the latest cash flows derived from each of the stores at the end of September. In performing the valuations, the Directors consulted with C&W on the capitalisation rates used in the valuations in light of a number of self storage transactions that had taken place in the market in the past six months. The Directors consider that capitalisation rates for London and South East freehold self storage centres have reduced by 15 bps since the start of the financial year. C&W support this view. This cap rate reduction has therefore been applied to the September valuation for the applicable stores.

The Directors consider that the other core assumptions underpinning the valuations including the stabilised occupancy assumptions used, rental growth, and discount rates used by C&W in the March 2017 valuations are still appropriate at the September valuation date.

##### 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 circa 6.1% to 6.8% of gross value, as if they were sold directly as property assets. The valuation is an asset valuation that is entirely linked to the operating performance of the business. The assets 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 for the deduction of operational costs 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 Directors have therefore carried out a valuation on the above basis, and this results in a higher property valuation at 30 September 2017 of £1,325.1 million (£71.3 million higher than the value recorded in the financial statements). The valuations in the Armadillo Partnerships are £4.5 million higher than the value recorded in the financial statements, of which the Group's share is £0.9 million. The sum of these is £72.2 million and translates to 45.3 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 13).

#### 15. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES

The table below sets out the categorisation of the financial instruments held by the Group at 30 September 2017. Where the financial instruments are held at fair value the valuation level indicates the priority of the inputs to the valuation technique. The fair value 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). Valuations categorised as Level 2 are obtained from third parties. 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.

		30 September 2017 (unaudited) £000
	Valuation level	
Interest rate derivatives	2	1,252



## 16. 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.

### 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 period AnyJunk Limited provided waste disposal services to the Group on normal commercial terms amounting to £14,000.

### Transactions with Armadillo

As described in note 9d, the Group has a 20% interest in Armadillo Storage Holding Company Limited and a 20% interest in Armadillo Storage Holding Company 2 Limited, and entered into transactions with the Companies during the period on normal commercial terms as shown in the table below.

	<b>30 September 2017 (unaudited) £000</b>	30 September 2016 (unaudited) £000	31 March 2017 (audited) £000
Fees earned from Armadillo 1	<b>374</b>	306	574
Fees earned from Armadillo 2	<b>132</b>	128	253
Balance due from Armadillo 1	<b>100</b>	73	86
Balance due from Armadillo 2	<b>15</b>	20	48

## 17. RISKS AND UNCERTAINTIES

The operational risks facing the Group for the remaining six months of the financial year are consistent with those outlined in the Annual Report for the year ended 31 March 2017. The outlook for the housing market and the economy remains uncertain given the ongoing discussions on Brexit. The risk mitigating factors listed in the 2017 Annual Report are still appropriate.

The value of Big Yellow's property portfolio is affected by the conditions prevailing in the property investment market and the general economic environment. Accordingly, the Group's net asset value can rise and fall due to external factors beyond management's control. The uncertainties in the global economy look set to continue. We have a high quality prime portfolio of assets that should help to mitigate the impact of this on the Group.

Self storage is a seasonal business, and over the last five years we have seen losses in occupancy of c. 2-4 ppts in the December quarter. The New Year typically sees an increase in activity, occupancy and revenue growth. The visibility we have in the business is relatively limited at three to four weeks and is based on the net reservations we have in hand, which are currently in line with our expectations.

There is a risk that our customers may default on their rent payments, however we have not seen an increase in bad debts over the past ten years since the start of the Global Financial Crisis. We have 56,000 customers and this, coupled with the diversity of their reasons for using storage, mean the risk of individual tenant default to Big Yellow is low. Over 80% of our customers pay by direct debit and we take a deposit from all customers. Furthermore, we have a right of lien over customers' goods, so in the ultimate event of default, we are able to auction the goods to recover the debts.