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

Opinion on financial statements of Big Yellow Group PLC	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 2014 and of the Group's profit for the year then ended; > the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (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. The financial statements comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and 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.
Going concern	As required by the Listing Rules we have reviewed the Directors' statement contained within the Strategic Report that the Group is a going concern. We confirm that: > we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and > we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.
Our assessment of risks of material misstatement	The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Valuation of investment properties and investment properties under construction ("IPUC") Investment properties are held at £776.4m at 31 March 2014. This is the most quantitatively material balance in the financial statements. These investment properties are held at market value on the balance sheet. Market value is by its nature subjective with significant judgement applied to the valuation. The key judgements about individual properties are cap rates, rental growth and stabilised occupancy levels. These judgements drive a cash flow model that is used as the basis of the valuation of each individual property.	We assessed the appropriateness of the valuers' scope and assessed whether the third party valuers had sufficient expertise and resource. We obtained the source information provided by management (e.g. historical revenue on a store by store basis) to the third party valuers and tested the integrity of such information. We met with the third party valuers to discuss the key judgements included within their valuations and analysed the key judgements, namely cap rates, rental growth and stabilised occupancy on a property by property basis. This analysis was undertaken at both a portfolio and individual store level. We also provided the valuations to our own internal real estate specialists who performed an independent assessment of the assumptions that underpin the valuations based on their knowledge of the self-storage industry and wider real estate market.
VAT capital goods scheme (CGS) receivable The Group has a VAT CGS receivable at 31 March 2014 of £9.0m reflecting the right to reclaim VAT from HMRC, which it incurred in acquiring or developing assets subsequently used for generating taxable supplies. We have identified the following key considerations: > the valuation of the asset is dependent on the VAT structure of the group, including the underlying leases; and > the discount rate used in determining the net present value of the asset is inherently judgemental.	We have involved VAT specialists in our audit team. We have reviewed the VAT structure of the group including a sample of the underlying leases. We agreed that a sum of £0.8m was recovered during the year ended 31 March 2014 by deduction against the Group's VAT return. We compared the discount rate applied by management against the Group's cost of debt given the capital expenditure was funded through bank financing. We tested the cost of debt through agreement to supporting documentation (e.g. loan agreements). We performed sensitivity analysis on the discount rate by calculating the impact on the value of the VAT CGS receivable of using the Group weighted average cost of capital (WACC) obtained from an independent source and the interest rate on 10 year UK gilts given the discount rate incorporates the risk of default by the counterparty, namely HMRC.

The Audit Committee's consideration of these risks is set out on page 77.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality	We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. We determined materiality for the Group to be £4.2 million. This figure was determined as 0.5% of non-current assets. We consider non-current assets to be a critical financial performance measure for the group on the basis that it is a key metric used by management and is the basis of the discussion of net asset value in the Strategic Report. This figure is below 1% of total equity. In addition to total equity, we also consider the account balances contained within adjusted profit before tax, which exclude the gain on revaluation of investment properties, movement in fair value interest rate derivatives and share of non-recurring losses/(gains) in associate, to be critical financial performance measures for the group. We applied a lower threshold of £1.4 million for testing all balances impacting these financial performance measures, which has been determined as 5% of adjusted profit before tax. We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £80,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.
An overview of the scope of our audit	Our audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement. The Group audit team performed the audits of all entities within the Group given they are all located in the United Kingdom and operate from the same office with the same financial system. In addition, the Group team also tested the consolidation process. The Group audit team continued to follow a programme of planned site visits that has been designed so that either the Senior Statutory Auditor or another member of the Group audit team visits each of the Group's stores at least once every six years. At each site visited we undertook a stock count, tested occupancy, tested controls around cash, agreed cash balances to bank reconciliations and held discussions with store staff.
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 Strategic Report and 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	
Adequacy of explanations received and accounting records	Under the Companies Act 2006 we are required to report to you if, in our opinion: > we have not received all the information and explanations we require for our audit; or > 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 are not in agreement with the accounting records and returns. We have nothing to report in respect of these matters.
Directors' remuneration	Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.
Corporate Governance Statement	Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

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

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

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. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

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.

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.

Darren Longley FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
19 May 2014