Big Yellow Group PLC

Annual Report & Accounts 2016

Thinking about our Customers

It's the reason we exist

At Big Yellow we believe storage should be the easy bit

Welcome

to the UK's brand leader in **self storage**

THE BIG YELLOW SELF STORAGE COMPANY

Get some space in your life.™

We have delivered a strong performance in 2016, another year of revenue, cash flow, earnings and dividend growth.

people

service

security

locations

facilities

innovation

growth

Welcome

We are the innovative leaders in the UK self storage industry providing individuals and businesses with an unrivalled product, the best locations, the best quality facilities and the strongest brand. We have great people who deliver the best customer service. We achieve this because we encourage a culture of partnership within the business and reward our people for their contribution.

We remain...
Britain's favourite self storage company.

Big Yellow Group PLC is the UK's brand leader in self storage. Big Yellow now operates from a platform of 89 stores, including 16 stores branded as Armadillo Self Storage, in which the Group has a 20% interest. We own a further seven Big Yellow self storage development sites (including two extensions sites), of which two have planning consent. The current maximum lettable area of this platform is 5.3 million sq ft. When fully built out the portfolio will provide approximately 5.7 million sq ft of flexible storage space. Of the Big Yellow stores and sites, 96% by value are held freehold and long leasehold; with the remaining 4% short leasehold.

The Group has pioneered the development of the latest generation of self storage facilities, which utilise state of the art technology and are located in high profile, accessible, main road locations. Our focus on the location and visibility of our Big Yellow stores, coupled with our excellent customer service and our market leading online platform, has made us the most recognised brand name in the UK self storage industry.

Over the following pages:

We outline the core qualities of our business and explain how we **stay ahead of the game.**

A Year of Further Achievement

But our focus remains on the Future

Nicholas Vetch, Executive Chairman of Big Yellow, commented:

"Against a backdrop of slower economic activity compared to the prior year, we are pleased to have delivered another year of occupancy, revenue and earnings growth. Our main focus remains on driving earnings through occupancy growth over the next few years as we target our next goal of 85% across the portfolio.

We will continue to innovate, by improving our digital platform and operations to grow our market share and leverage our market leading brand. In addition, our focus will remain on London and the South East (80% of revenue) and large regional cities where barriers to entry are at their highest, and supply remains very constrained.

The Big Yellow investment proposition is simple; sustainable earnings and dividend growth from a secure capital structure. There will inevitably be setbacks but as management we will continue to focus on the long term achievement of these objectives whilst managing risk to minimise mistakes. The much-overlooked power of compounding should do the rest."

The Big Yellow investment proposition is simple; sustainable earnings and dividend growth from a secure capital structure.

Driving occupancy, revenue and cash flow growth

The success of Big Yellow as a business depends on all of us striving for those 1% improvements and working together, understanding that each and every one of us makes a critical contribution to our success.

Delivering that little Extra...

Our Marketplace

Demand for self storage comes from a number of different market segments

House movers, either in the rental or owner occupied sector continue to be a key element of our customer base. Demand also comes from people decluttering their space constrained homes, treating Big Yellow as a spare room. Key life events which invariably create a need for storage are also an important driver of demand; maybe moving abroad for a job, inheriting possessions, getting married or separating, homeowners carrying out home improvements or students needing space during the holidays.

We also have demand from businesses large and small. Our business customers include retailers, e-tailers, professional service companies, hospitality companies and importers/exporters.

Big Yellow provides the perfect solution in providing cost effective, flexible and risk free storage for stock, distribution or archiving purposes.

Big Yellow is well placed to benefit from the growing self storage market, given the strength of our brand, and online platform which delivers approximately 86% of our prospect enquiries.

Strong growth opportunities

Our Brand

The UK's favourite self storage company

- The Big Yellow brand has unprompted awareness more than five times higher than its nearest competitor in London and six times higher across the rest of the UK
- Largest online market share of web visits at 34% to 40% against 36 largest UK operators, across the year ended 31 March 2016. (Source: Connexity Hitwise)
- Nurturing growth from strong digital channels including a new improved mobile site which accounted for 35% of total web visits in March 2016
- Other marketing activities include consumer PR, social media, sponsorship of community projects and charitable activities
- £4 million marketing investment for the year

By creating one powerful brand nationwide, Big Yellow is front of mind for more customers in our market than our competitors, with significant potential to increase this brand awareness.

The market leading brand, with the largest online market share

All of our people share a passion for delivering the service our customers deserve, helping them get through stressful life changes such as moving home.

That is our Brand

Our Unrivalled Service

A Brand based on People

We are about much more than just storage. We are about people and their possessions. Whether it's a house move, setting up a business or a DIY project, we understand these are all key life moments where it can get a bit stressful. At Big Yellow, our people help to take the stress away. We work hard to understand our customers' requirements and give the best service possible whether it is face to face, over the phone or through our user friendly website, mobile site or online chat. Our customer support centre is also on hand seven days a week to provide an additional layer of customer service.

Customer reviews are published on the website and show an extremely high level of satisfaction. We also invite customers to submit reviews to a third party review site which are currently averaging 9.3 out of 10.

Our friendly and helpful staff are one of the main reasons why customers choose Big Yellow. Over 13,000 online reviews of our customer service are testament to this.

We put the customer at the heart of our business

Our recruiting and training programmes help us maintain and develop the right calibre of people to ensure success.

Our people are our most important asset

THE SUNDAY TIMES 100 BEST COMPANIES TO WORK FOR 2016

Security

That is second to none

We are the only major UK operator where every room in every store is individually alarmed.

Secure perimeter fencing, electronic coded gates, intruder alarms, PIN code entry and CCTV which is monitored 24 hours a day, provide additional levels of security for our customers.

The importance of security and the need for vigilance is communicated to all store staff and reinforced through regular training.

We provide the highest levels of security in the UK self storage industry. We have invested significantly to ensure our customers enjoy peace of mind.

The highest levels of security in the UK self storage industry

Our digital CCTV systems are monitored 24 hours a day, providing an additional level of security especially for customers with extended hours access.

Ensuring Peace of Mind

24 hour CCTV

and individually alarmed rooms

Innovation

Always looking to the future

We are continually improving our digital channels for our online visitors to provide the best online experience possible to help them make informed choices about their self storage requirements.

Video store tours, intuitive online FAQs, easy to understand size guides and online chat all help our visitors understand what storage size they need and how storing at Big Yellow works.

We make it easy online for customers to reserve their space, buy boxes and packing materials and check in, saving them valuable time once they get to the store.

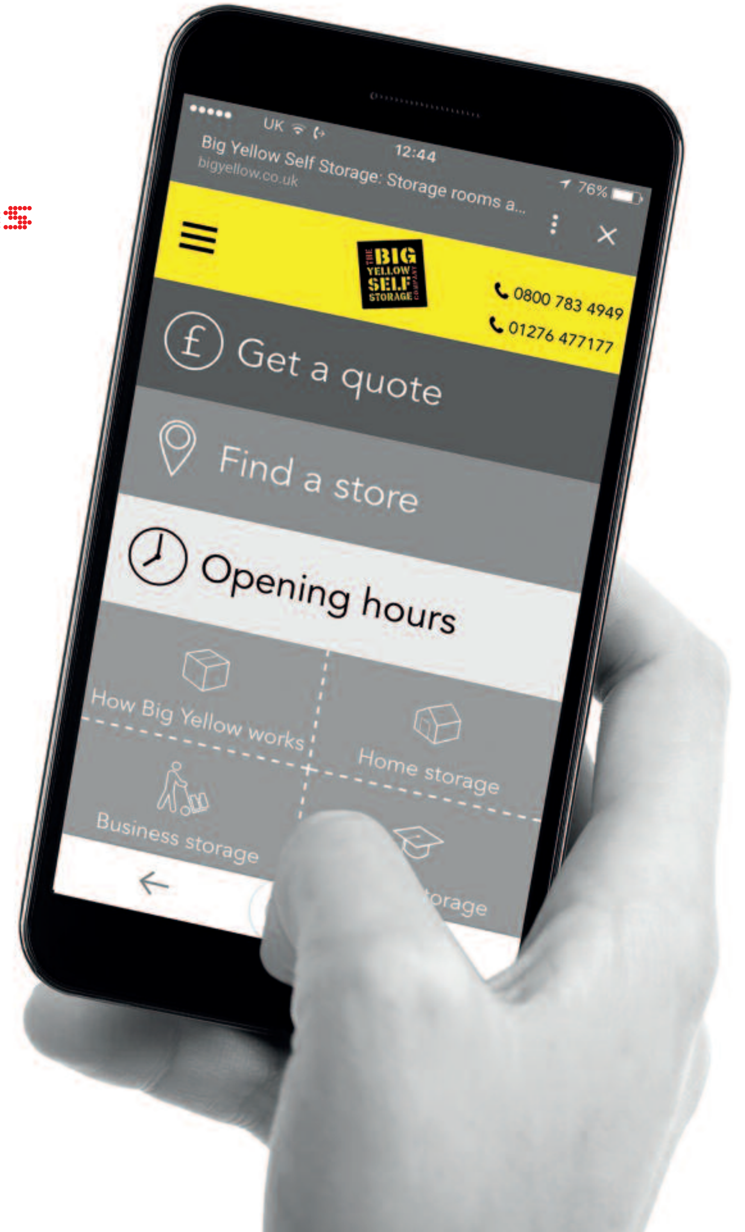
Innovative building design is part of our commitment to a more sustainable business. We incorporate the latest technologies such as energy efficient lighting and solar panels to reduce our carbon footprint and produce our own renewable energy.

We are always looking for innovative ways to help our customers' lives and make the business more environmentally sustainable.

Continually improving our digital platforms

Mobile is a convenient way for our online visitors to find a store, get a quote and even reserve and check in online. 35% of our online visitors come through the mobile website.

Customer Focussed



Our Portfolio

An extensive national network

Our customers like our modern, highly visible, purpose built stores which are situated in easily accessible locations.

We have opened our Enfield store on the A10 in London and our central Cambridge store in the year. Big Yellow acquired two stores from Lock and Leave at Nine Elms and Twickenham, and Armadillo purchased Canterbury and West Moseley from the same operator. This and our other high profile store locations contribute to the growing awareness of self storage and our brand.

We have an unrivalled portfolio across London, the South East and large metropolitan cities, with a network of 89 stores.

Our customers like our modern, highly visible, purpose built stores which are situated in easily accessible locations.

89 highly visible stores reinforce our brand 24/7

KEY

- 73 Big Yellow stores
- 5 New Big Yellow stores under development
- 16 Armadillo stores

73 easy to find, high profile locations provide convenience for customers and unmissable exposure for the Big Yellow brand.

16 Armadillo stores further broaden our national coverage

High profile locations.

Contents

Britain's favourite self storage company

Highlights

Strong Operating Performance Delivers 15% Earnings Growth[3]

Another year of growth in all our key operating metrics

Financial metrics	Year ended 31 March 2016	Year ended 31 March 2015	% Growth
Revenue	**£101.4m**	£84.3m	20
Like-for-like revenue[1]	**£87.6m**	£79.9m	10
Adjusted profit before tax[2]	**£49.0m**	£39.4m	24
Adjusted diluted EPRA earnings per share[3]	**31.1p**	27.1p	15
Dividend – final	**12.8p**	11.3p	13
– total	**24.9p**	21.7p	15
Cash flow from operating activities (after net finance costs)	**£55.5m**	£42.4m	31
Store metrics			
Occupancy growth[4]	**185,000 sq ft**	267,000 sq ft	(31)
Occupancy – like-for-like stores (%)[4]	**76.7%**	73.2%	3.5ppts
Average net achieved rent per sq ft[4]	**£25.73**	£25.10	3
Statutory metrics			
Profit before tax	**£112.2m**	£105.2m	7
Basic earnings per share	**71.9p**	72.5p	(1)

(1) Like-for-like revenue excludes the 12 Partnership stores (acquired December 2014), Chester (acquired January 2015), Enfield (opened April 2015) and Cambridge (opened January 2016), and management fees earned from the Partnership in the prior year
(2) See note 10.
(3) Adjusted earnings per share – see note 12.
(4) See Portfolio Summary and Operating and Financial Review.

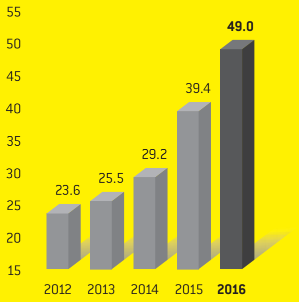
Highlights

- Strong revenue performance driving 15% increase in adjusted earnings per share and total dividend
- Store platform expanded by 282,000 sq ft:
  - Two new freehold stores opened at Enfield and Cambridge
  - Acquisition of four store Lock and Leave portfolio in April 2016 for £21 million
    - Nine Elms and Twickenham acquired by Big Yellow
    - Canterbury and West Molesey acquired by Armadillo
- Acquisition of prime London development sites in Kings Cross and Camberwell

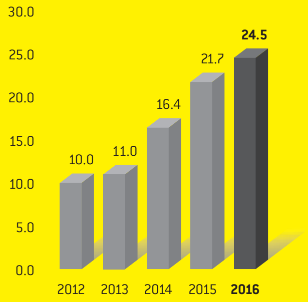
We have delivered occupancy, cash flow and earnings growth for the seventh year in a row.

Consistency delivered

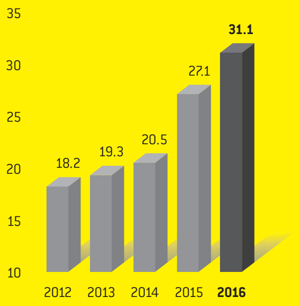
Adjusted profit before tax (£m) +24%



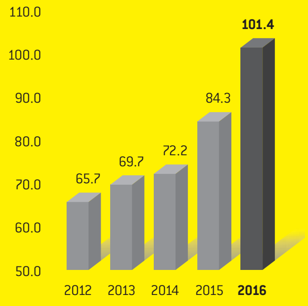
Dividend per share (pence) +15%



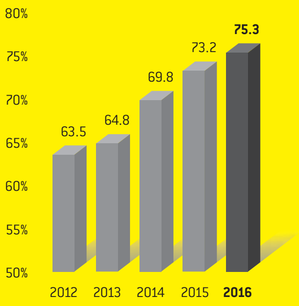
Adjusted earnings per share (pence) +15%



Revenue (£m) +20%



Occupancy (%) +3%



Closing net rent (per sq ft) +3%

The Big Yellow investment proposition is simple; sustainable earnings and dividend growth from a secure capital structure.

Growth

Of Revenue and Earnings

Big Yellow Group PLC ("Big Yellow", "the Group" or "the Company"), the UK's brand leader in self storage, is pleased to announce results for the year ended 31 March 2016.

Against a backdrop of slower economic activity compared to the prior year, we are pleased to have delivered another year of occupancy, revenue and earnings growth. Our main focus remains on driving earnings through occupancy growth over the next few years as we target our next goal of 85% across the portfolio.

Like-for-like closing Group occupancy is up 3.5 percentage points to 76.7% compared to 73.2% at 31 March 2015, in line with the guidance given in May 2015.

Average rental growth over the year was 2.5% with closing net rent of £25.90, representing an increase of 2.7% from the same time last year. The like-for-like revenue growth in the Group was 10% compared to last year, this excludes the 12 Partnership stores, existing store acquisitions made last year and new store openings in the year. Given that our central overhead and operating expense is largely embedded in the business, this revenue growth has dropped through into a 15% increase in adjusted earnings per share and in the dividend per share for the year.

Awareness of self storage and the market generally is growing year on year, as more people use the product, and with continued marketing from all industry players, we are seeing improving levels of referral and repeat use.

We will continue to innovate, by improving our digital platform and operations to grow our market share and leverage our market leading brand. In addition, our focus will remain on London and the South East (80% of revenue) and large regional cities where barriers to entry are highest, and supply remains very constrained.

Financial results

Revenue for the year was £101.4 million (2015: £84.3 million), an increase of 20%. Cash inflows from operating activities (after interest costs) increased by £13.1 million (31%) to £55.5 million for the year (2015: £42.4 million).

The Group made an adjusted profit before tax in the year of £49.0 million (2015: £39.4 million), up 24%. This translated into a 15% increase in adjusted earnings per share to 31.1p (2015: 27.1p), the growth of which is lower as a result of the placing of an additional 14.4 million shares in November 2014 to part fund the acquisition of the remaining interest in the 12 Big Yellow Limited Partnership stores.

The Group has net bank debt of £295.0 million at 31 March 2016 (2015: £277.1 million). This represents approximately 26% (2015: 27%) of the Group's gross property assets totalling £1,126.2 million (2015: £1,022.8 million) and 33% (2015: 35%) of the adjusted net assets of £899.0 million (2015: £801.4 million).

The Group's interest cover for the year, expressed as the ratio of cash generated from operations against interest paid (per the cash flow statement) was 6.2 times (2015: 5.4 times).

Investment in new capacity

Creating new capacity in our core area of London and the South East is increasingly challenging. Sites are scarce, and faced with a housing emergency, policy makers are focussed on residential provision at the expense of commercial. As London's population grows, these pressures are likely to intensify. The bad news is that it makes it difficult to build new stores for Big Yellow, but conversely leaves our existing platform near irreplaceable.

We opened our 60,000 sq ft store in Enfield in April 2015, on a prominent location on the A10. Our 60,000 sq ft store in central Cambridge opened in January 2016. We intend to commence construction of our store in central Guildford in the second half of the year, and anticipate it opening in Autumn 2017.

Given the competition for land in central London we are very pleased to have acquired two prime sites at Kings Cross and Camberwell. Kings Cross is a one acre site on which we intend to develop a new build store of in excess of 90,000 sq ft, subject to planning. Camberwell is in Zone 2 to the south of London Bridge, and we intend to develop a new build store of 65,000 to 70,000 sq ft, subject to planning. There is interim rental income on these two sites while we pursue planning, which will mitigate the increase in our variable rate interest expense.

These sites, together with Guildford Central, extensions at our existing Battersea and Wandsworth stores, and development sites in Newcastle and Manchester (the last four all subject to planning) will provide in excess of an additional 400,000 sq ft of capacity.

During the year we have successfully re-geared our existing 125 year, long leasehold interest on our proposed self storage site at Water Street, Manchester to 250 years, and in addition sold the surplus industrial land to Manchester City Council for £8 million.

In February of this year, we were included in the Sunday Times Best 100 Companies to work for.

No business can succeed without motivated and hardworking people.

At 31 March 2016, the future cost of the current pipeline of seven development sites and extensions, six of which are subject to planning, is provisionally estimated to be approximately £55 million. This excludes any net proceeds that may be received on the redevelopment of our Battersea store and adjoining retail units into a mixed use scheme of residential, retail and self storage.

In April 2016, we acquired the Lock and Leave portfolio. Big Yellow acquired two stores in London, at Nine Elms (65,000 sq ft MLA freehold) and Twickenham (25,000 sq ft MLA, 19 years unexpired leasehold), for £13.5 million and £1.1 million respectively, totalling £14.6 million. The Nine Elms store is approximately 85% occupied and sits neatly between our strong performing Kennington and Battersea stores, and our aim will be to drive revenue and cash flow through yield management. The Twickenham store is adjacent to our existing freehold 73,000 sq ft highly occupied store. The freehold stores in Canterbury (37,000 sq ft MLA) and West Molesey (35,000 sq ft MLA) were acquired by Armadillo for £6.4 million, and again we expect to drive operational performance under our management.

Dividends

The Group's dividend policy is to distribute 80% of full year adjusted earnings per share. The final dividend declared is 12.8 pence per share. The dividend declared for the year of 24.9 pence per share represents an increase of 15% from 21.7 pence per share last year.

Our people

In February of this year, we were included in the Sunday Times Best 100 Companies to work for in the mid-size category, an independent assessment of our employee engagement and culture. This is particularly pleasing, as from the inception of the business we have tried to create a culture which is accessible, apolitical, non-hierarchical, socially responsible, and very importantly a fun and enjoyable place to work. No business can succeed without motivated and hardworking people.

Outlook

External forces are complex and are unlikely to be assisted by comment from us, so we concentrate on matters that we can influence.

The Big Yellow investment proposition is simple; sustainable earnings and dividend growth from a secure capital structure. There will inevitably be setbacks but as management we will continue to focus on the long term achievement of these objectives whilst managing risk to minimise mistakes. The much-overlooked power of compounding should do the rest.

Nicholas Vetch
Chairman
23 May 2016

Our Strategic Report

discusses the following areas:

- Our strategy and business model
- Operational and marketing review
- Store performance
- Financial review
- Principal risks and uncertainties
- Going concern basis and viability statement
- Corporate social responsibility

Approval

This report was approved by the Board of Directors on 23 May 2016 and signed on its behalf by:

James Gibson
Chief Executive

John Trotman
Chief Financial Officer

Our strategy from the outset has been to develop Big Yellow into the market leading self storage brand, delivering excellent customer service, with a great culture and highly motivated employees. We continue to be the market leading brand, with unprompted awareness of over six times that of our nearest competitor (source: YouGov survey, April 2016). We concentrate on developing our stores in main road locations with high visibility, where our distinctive branding generates high awareness of Big Yellow. Our recent accreditation in the Best 100 Companies to work for is pleasing as an independent assessment of our employee engagement, and our customer satisfaction survey scores remain very high, with an average net promoter score of over 70%, and average customer satisfaction scores of 9.3 out of 10.

Self storage demand from businesses and individuals at any given store is linked in part to local economic activity, consumer and business confidence, all of which are inter-related. Fluctuations in housing activity whether in the rented or owner occupied sector, are also a factor and in our view influence the top slice of demand over and above a core occupancy. This has been demonstrated by the resilience of our like-for-like stores since September 2007 despite a collapse in housing activity and GDP over the period 2007 to 2009. As can be seen from the ten year summary, the performance of our stores was relatively resilient during the downturn, and within that London and the South East proved to be less volatile.

Local GDP and hence business and housing activity are greatest in the larger urban conurbations and in particular London and the South East, from where we derive 80% of our revenue. Furthermore, people and businesses are space constrained in these more densely populated areas. Barriers to entry in terms of competition for land and difficulty around obtaining planning are also highest in more urbanised locations.

Over the last 17 years we have built a portfolio of 73 Big Yellow self storage centres, largely freehold, purpose-built and focussed on London, the South East and large metropolitan cities. 63% of our current store revenue derives from within the M25; for London and the South East, the proportion of current store revenue is 80%.

Our Big Yellow stores are on average 63,000 sq ft, compared to an industry average of approximately 43,000 sq ft (source: The Self Storage Association 2016 UK Annual Survey). The upside from filling our larger than average sized stores is, in our view, only possible in large metropolitan markets, where self storage demand from domestic and business customers is the highest. As the operating costs of our assets are relatively fixed, larger stores in bigger urban conurbations, particularly London, drive higher revenues and higher operating margins.

We continue to believe that the medium term opportunity to create shareholder value will be principally achieved by increasing occupancy and rental yield in our existing platform to drive revenue, the majority of which flows through to the bottom line.

Our key objectives remain:

- leveraging our market leading brand position to generate new prospects, principally from our digital, mobile and desktop platforms;
- focusing on training, selling skills, and customer satisfaction to maximise prospect conversion and referrals;
- growing occupancy and net rent so as to drive revenue optimally at each store;
- maintaining a focus on cost control, so revenue growth is transmitted through to earnings growth;
- selectively adding to the portfolio through new site development and existing store acquisitions;
- maintaining a conservative capital structure in the business with Group interest cover of a minimum of five times; and
- producing sustainable returns for shareholders through a low leverage, low volatility, high distribution REIT.

In the sixteen years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return ("TSR"), including dividends reinvested, of 15.9% per annum, in aggregate 938% at the closing price of 774.5p on 31 March 2016. This compares to 6.9% per annum for the FTSE Real Estate Index and 4.3% per annum for the FTSE All Share index over the same period. This demonstrates the power of compounding over the longer term.

Our business model

Tried and tested...

Attractive market dynamics

- UK self storage penetration in key urban conurbations remains relatively low
- Very limited new supply coming onto the market
- Resilient through the downturn
- Sector growth is positive, with increasing domestic demand

Our competitive advantage

- UK industry's most recognised brand
- Prominent stores on arterial or main roads, with extensive frontage and high visibility
- Largest share of web traffic from mobile and desktop platforms
- Excellent customer service, customer feedback programme with store level customer satisfaction surveys
- Largest UK self storage footprint by Maximum Lettable Area ("MLA") capacity
- Primarily freehold estate concentrated in London and South East and other large metropolitan cities
- Larger average store capacity – economies of scale, higher operating margins
- Secure financing structure with strong balance sheet

Evergreen income streams

- 50,000 customers from a diverse base – individuals, SMEs and national accounts
- Average length of stay for existing customers of 22 months
- 27% of customers in stores greater than two year length of stay
- Low bad debt expense (0.08% of revenue in the year)

Strong growth opportunities

- Driving revenue with a focus on occupancy growth
- Yield management as occupancy increases
- Demand increasing with improving economic activity
- Growth in national accounts and business customer base
- Increasing the platform financed from internal resources
- Growth in our Armadillo joint venture platform

Conversion into quality earnings

- Freehold assets for high operating margins and operational advantage
- Low technology & obsolescence product, maintenance capex fully expensed
- Annual compound adjusted eps growth of 17% since 2004/5
- Annual compound cash flow growth of 17% since 2004/5

Our Strategy and Business Model (continued)

The self storage market

In the recently published 2016 Self Storage Association UK Survey, only 41% of those surveyed had a reasonable or good awareness of self storage, in line with findings from our own research. Furthermore, only 7% of the 2,075 adults surveyed were currently using self storage or were thinking of using self storage in the next year. This indicates a continued opportunity for growth and with increasing use, together with the ongoing marketing efforts of everyone in the industry, we anticipate awareness will grow.

Growth in new facilities across the industry has been largely in regional areas of the UK and in particular in smaller towns. In London in 2015, we believe there were six new store openings last year (including our Enfield store), and three closures of stores for redevelopment into alternative uses. Between 2010 and 2015 average industry openings have been approximately 11 per year, which compares to an average of 34 per year in the preceding four years.

The Self Storage Association ("SSA") estimates that the UK industry is made up of approximately 1,077 self storage facilities (of which 195 are purely container operations), providing 37.6 million sq ft of self storage space, equating to 0.6 sq ft per person in the UK. This compares to 7.8 sq ft per person in the US, 1.8 sq ft per person in Australia and 0.1 sq ft for mainland Europe, where the roll-out of self storage is a more recent phenomenon (source: Fedessa European Self Storage Annual Survey 2015). 357 self storage facilities in the UK are held by large operators (defined as those managing 10 facilities or more), which represents 40% of the total number of self storage centres, but we would estimate approximately 50% to 60% of total capacity.

Big Yellow is well placed to benefit from the growing self storage market, given the strength of our brand, and online platform which delivers approximately 86% of our prospect enquiries. Our portfolio is strategically focussed on London, the South East and large metropolitan cities, where barriers to entry and economic activity are at their highest.

KPIs

The key performance indicators of our stores are occupancy and rental yield, which together drive the revenue of the business. These are three key measures which are focussed on by the Board, and are reported on a weekly basis. Over the course of past five years, both occupancy and revenue have grown significantly. Rental yield was relatively stable between 2011 and 2012, reduced following the introduction of VAT in 2013, grew by 6.1% in the year to 31 March 2014, and decreased by 3.5% in 2015 principally reflecting the acquisition of the Big Yellow Limited Partnership stores, a regional portfolio, at a lower average net rent per sq ft. In the current year, net rent has increased by 2.7%. Our key focus is on continuing to grow occupancy, with rental yield growth following once the stores have reached higher occupancy levels.

Adjusted profit before tax, adjusted earnings per share and distributions to shareholders are our other KPIs. We have delivered compound eps growth of 14% over the past five years, and compound dividend growth of 26% over the same period. Compound adjusted eps growth since 2004/5 is 17%. We have illustrated the Group's performance in these measures over the past five years on page 11.

Operational and Marketing Review

Overview

We now have a portfolio of 73 open and trading Big Yellow stores, with a further five development sites and two extension opportunities. The current maximum lettable area of this platform is 4.6 million sq ft. When fully built out the portfolio will provide approximately 5.0 million sq ft of flexible storage space.

In addition we operate from 16 Armadillo stores which are principally located in northern towns and cities, and operate from a platform of 0.7 million sq ft.

Access to capital and bank facilities has improved in the last couple of years, however this is mainly for larger well-capitalised groups, rather than necessarily the smaller, independent operators. Growth in new openings over the last five years has averaged just over 1% of total capacity per annum, down significantly from the previous decade. Additionally, in our core markets in London and the South East, very high land values driven by competing uses such as residential, is making the creation of new supply very difficult for all operators. We believe that we are in a relatively strong position given the strength of our balance sheet and our proven property development expertise, together with our ability to access funding to exploit the right opportunity.

For unprompted brand awareness, our recall across the UK as a whole is more than six times that of our nearest competitor.

Operations

The Big Yellow store model is well established. The "typical" store has 60,000 sq ft of net lettable storage area and takes some three to five years to achieve 80% plus occupancy. Some stores have taken longer than this given they opened just before or during the downturn. The average room size occupied in the portfolio is currently 67 sq ft, in line with last year.

The store is open seven days a week and is initially run by three staff, with a part time member of staff added once the store occupancy justifies the need for the extra administrative and sales workload.

The drive to improve store operating standards and consistency across the portfolio remains a key focus for the Group. Excellent customer service is at the heart of our business objectives, as a satisfied customer is our best marketing tool. We measure customer service standards through a programme of mystery shopping and online customer reviews, all externally managed. Over the year, we have achieved an average net promoter score of over 70%, and average customer satisfaction scores of 9.3 out of 10.

We have a team of nine Area Managers in place who have on average worked for Big Yellow for twelve years. They develop and support the stores to drive the growth of the business.

The store bonus structure rewards occupancy growth, sales growth and cost control through quarterly targets based on occupancy and store profitability, including the contribution from ancillary sales of insurance and packing materials. Information on bonus build up is circulated monthly and stores are consulted in preparing their own targets and budgets each quarter, leading to improved visibility, a better understanding of sales lines and control of operating costs.

We believe that as a consumer-facing branded business it is paramount to maintain the quality of our estate and customer offering. We therefore continue to invest in preventative maintenance, store cleaning and the repair and replacement of essential equipment, such as lifts and gates. The ongoing annual expenditure is approximately £30,000 per store, which is included within cost of sales. This excludes our rolling programme of store makeovers, which typically take place every five years, at a cost of approximately £20,000 per store.

Demand

Of the customers moving into our stores in the last year, surveys undertaken indicate approximately 46% are house move related, either customers renting storage space whilst moving within the rental sector or the owner occupied sector. During the year 11% of our customers who moved in took storage space as a spare room for decluttering and approximately 32% of our customers used the product because some event has occurred in their lives generating the need for storage; they may be moving abroad for a job, have inherited possessions, are getting married or divorced, are students who need storage during the holidays, or homeowners developing into their lofts or basements. The balance of 11% of our customer demand during the year came from businesses.

Our business customers range across a number of industry types, such as retailers, e-tailers, professional service companies, hospitality companies and importers/exporters. These businesses store stock, documents, equipment, or promotional materials all requiring a convenient flexible solution to their storage, either to get started or to free up more expensive space.

We have seen solid demand from business customers, as they seek a cost effective, flexible, convenient solution to their storage requirements, preferring self storage to the commitment of a longer lease, and given the difficulty of renting alternative mini-warehousing space in urban areas, particularly London.

Business customers typically stay longer than domestic customers, and also on average occupy larger rooms. Whilst only representing 11% of new customers during the year, businesses represent 19% of our overall customer numbers, occupying 35% of the space in our stores at 31 March 2016, domestic customers occupy 65%. The average room size occupied by business customers is 121 sq ft, compared to 54 sq ft for domestic customers. This compares with the 2016 SSA UK Annual Survey result for the industry as a whole which had 59% of space occupied by domestic customers and 41% of space by businesses. We would expect to have a higher proportion of domestic customers given our focus on London and other large metropolitan cities.

We have a dedicated national accounts team for business customers who wish to occupy space in multiple stores. These accounts are billed and managed centrally. We have four full time members of staff working on growing and managing our national account customers. The national accounts team can arrange storage at short notice at any location for our customers. In smaller towns where we do not have representation, we have negotiated sub-contract arrangements with other operators who meet certain operating standards.

Our Strategy and Business Model (continued)

Marketing and eCommerce

Our marketing strategy continues to focus on driving customer satisfaction and response through our multiple digital platforms.

For the last ten years, we have commissioned a YouGov survey to help us monitor our brand awareness. In our most recent survey, conducted in April 2016, we used a statistically robust sample size of 1,044 respondents in London and 2,084 for the rest of the UK. The survey has shown our prompted awareness to be at 74% in London, two and half times higher than our nearest competitor and 38% for the rest of the UK, over three times higher than our nearest competitor.

For unprompted brand awareness, our recall in London is 49%, more than five times higher than our nearest competitor and for the rest of the UK it is 20%, more than six times higher than our nearest competitor; across the UK as a whole it is more than six times our nearest competitor. These surveys continue to prove we are the UK's brand leader in self storage (source: YouGov, April 2016). The UK Self Storage Association has also conducted a brand awareness survey with similar results.

Online

The Big Yellow website, whether accessed by desktop, tablet or smartphone, delivers the largest share of prospects, accounting for 86% of all sales leads across the year ended 31 March 2016. Telephone is the first point of contact for 9% of prospects and walk-in enquiries, where we have had no previous contact with a prospect, represent 5%.

We have the largest online market share of web visits to self storage company websites in the UK. Across the year ended 31 March 2016, our online market share of web visits ranged from 34% to 40%. Our nearest competitor ranged from 14% to 19% online market share for the same period (source: Connexity Hitwise 36 largest UK operators).

We continually monitor and improve the website user journey to make the experience as informative, customer focussed and intuitive as possible. Our mobile strategy is central to this. By the end of March 2016, smartphones and tablets accounted for 50% of all web visits. Specifically, smartphones alone accounted for 35% of web visits in March 2016, up from 32% in March 2015. The rate of growth in the use of mobiles and tablets is slowing, which may be an indication of a maturing market for these devices, and many of our customers continue to access our digital platforms through desktop computers and laptops.

Whether it is through desktop, tablet or mobile, our customers enjoy a seamless experience whichever digital route they choose. Our latest mobile optimised website was launched in May 2015 with enhanced usability and features. We are continually developing helpful and time saving online tools such as check-in online, online FAQs, video store tours and online chat. These all help the customer to make an informed choice about their self storage requirements.

Online customer reviews

Consistent with our strategy of putting the customer at the heart of our business, our online customer reviews generate real-time feedback from customers as well as providing positive word of mouth referral to our web visitors. Through our 'Big Impressions' customer feedback programme, we ask our new customers to rate our product and service and with the users permission, we then publish these independent reviews on the website. There are currently over 13,200 reviews published.

The Big Impressions programme also generates customer feedback on their experience when they move out of a Big Yellow store and also from those prospects who decided not to store with us. In addition, this programme reinforces best practice of customer service at our stores where customer reviews and mystery shop results are transparently accessible at all levels.

In addition, we also gain real-time insight from customers who submit reviews to TrustPilot, the well-known third party customer review site. These reviews are currently averaging 9.3 out of 10.

We also regularly monitor Google reviews and mentions of Big Yellow within the social mediums of Twitter, online forums and blogs. We use this insight to continually improve our service offering.

Driving online traffic

Search engines are the most important acquisition tool for us, accounting for the majority of traffic to our website. We continue to invest in search engine optimisation ("SEO") techniques both on and off the site. This helps us to maintain our high positions for the most popular and most searched for terms such as "storage" and "self storage" in the organic listings on Google.

The sponsored search listings remain the largest source of paid for traffic and we ensure our prominence in these listings is balanced with effective landing pages to maximise site conversion.

This year, we have also continued with online display advertising on websites which are targeted to our core audience groups. This activity performs both a direct response and branding role.

Efficiencies in online spend are continuing into the year ending 31 March 2017, ensuring the return on investment is maximised from all of our different online traffic sources. Online marketing budgets will continue to remain fluid and be directed towards the media with the best return on investment.

We have the largest online market share of web visits to self storage company websites in the UK.

Social media

Social media continues to be complementary to our existing marketing channels. Our activity is most focussed on Twitter, not only monitoring and answering queries regarding self storage, but also posting our own creative tweets, tips and advice. The Big Yellow YouTube channel is used to showcase our stores to web prospects through a video store tour. We use both domestic and business versions to help prospects experience the quality of the product without the need for them to visit the store in person. Our online blog is updated regularly with tips and advice for homeowners and businesses as well as summaries of our charitable and CSR initiatives.

PR

We have used PR stories in the year to help raise the awareness of Big Yellow and the benefits of self storage to different audience groups. These have focussed on the flexible benefits of using self storage at different key life events such as having a baby and dealing with divorce and separation. These stories help to promote the wider uses of Big Yellow Self Storage and have generated both national and regional media coverage online and offline. They are also supported by radio interviews which allow us to talk about the benefits of Big Yellow.

Budget

During the year the Group spent approximately £4.0 million on marketing (4% of total store revenue). We have increased the budget for the year ahead to £4.2 million with a focus on delivering more prospects to our stores from our digital channels.

Cyber security

The Group receives specialist advice and consultancy in respect of cyber security and we have dedicated in-house monitoring and regular reviews of our security systems. We also limit the retention of customer data to the minimum requirement.

During the year we have continued to invest in digital security, implementing new intrusion detection systems as well as the replacement of existing systems such as firewalls. Policies and procedures are under regular review and benchmarked against industry best practice by our consultants. These policies also include defend, detect and response policies.

Proforma Portfolio Summary – Big Yellow Stores

	2016 Mature[1]	2016 Established	2016 Developing	2016 Total	2015 Mature	2015 Established	2015 Developing	2015 Total
Number of stores[2]	**56**	**11**	**4**	**71**	56	11	2	69
At 31 March								
Total capacity (sq ft)	**3,495,000**	**704,000**	**265,000**	**4,464,000**	3,495,000	704,000	145,000	4,344,000
Occupied space (sq ft)	**2,689,000**	**538,000**	**136,000**	**3,363,000**	2,589,000	503,000	86,000	3,178,000
Percentage occupied	**76.9%**	**76.4%**	**51.3%**	**75.3%**	74.1%	71.4%	59.3%	73.2%
Net rent per sq ft	**£26.78**	**£21.73**	**£24.32**	**£25.90**	£25.97	£21.44	£24.19	£25.23
For the year								
REVPAF[3]	**£23.78**	**£19.20**	**£14.48**	**£22.59**	£22.21	£17.18	£13.48	£21.09
Average occupancy	**76.3%**	**73.4%**	**51.9%**	**74.7%**	73.1%	68.0%	49.1%	71.5%
Average annual rent psf	**£26.55**	**£21.88**	**£24.05**	**£25.73**	£25.92	£21.04	£23.37	£25.10
	£000	**£000**	**£000**	**£000**	£000	£000	£000	£000
Self storage income	**70,853**	**11,302**	**2,745**	**84,900**	65,017	10,068	1,666	76,751
Other storage related income[4]	**12,036**	**2,116**	**416**	**14,568**	10,990	1,923	267	13,180
Ancillary store rental income	**228**	**102**	**24**	**354**	153	102	21	276
Total store revenue	**83,117**	**13,520**	**3,185**	**99,822**	76,160	12,093	1,954	90,207
Direct store operating costs (excluding depreciation)	**(24,202)**	**(4,353)**	**(1,531)**	**(30,086)**	(23,041)	(4,269)	(1,046)	(28,356)
Short and long leasehold rent[5]	**(1,893)**	**–**	**–**	**(1,893)**	(1,941)	–	–	(1,941)
Store EBITDA[6]	**57,022**	**9,167**	**1,654**	**67,843**	51,178	7,824	908	59,910
Store EBITDA margin	**68.6%**	**67.8%**	**51.9%**	**68.0%**	67.2%	64.7%	46.5%	66.4%

Deemed cost	**£m**	**£m**	**£m**	**£m**
To 31 March 2016	**364.0**	**130.9**	**56.6**	**551.5**
Capex to complete	**0.8**	**0.1**	**0.3**	**1.2**
Total	**364.8**	**131.0**	**56.9**	**552.7**

(1) The mature stores have been open for more than six years at 1 April 2015. The established stores have been open for between three and six years at 1 April 2015 and the developing stores have been open for fewer three years at 1 April 2015.

(2) The Group acquired the 66.7% of Big Yellow Limited Partnership that it did not previously own on 1 December 2014. The results of the stores in the Partnership have been included in the results above in full for the prior year to give a clearer understanding of the underlying performance of all Big Yellow stores. The table below shows the results for the prior year excluding the period when the stores were not wholly owned, reconciled with the reported statutory results for the year ended 31 March 2015.

	Proforma above £000	2015 Partnership results as an associate £000	Statutory £000
Store revenue	90,207	(7,476)	82,731
Store EBITDA	59,910	(4,659)	55,251

(3) Total store revenue divided by the average maximum lettable area in the year.

(4) Packing materials, insurance and other storage related fees.

(5) Rent for six mature short leasehold properties accounted for as investment properties and finance leases under IFRS with total self storage capacity of 398,000 sq ft, and a long leasehold lease-up store with a capacity of 64,000 sq ft.

(6) Store earnings before interest, tax, depreciation, amortisation, and an allocation of central overhead.

Our Portfolio Unrivalled in the UK

An unrivalled portfolio of stores across London,
the South East and other large metropolitan cities.

Cambridge, January 2016
MLA - 60,000 sq ft

Enfield, April 2015
MLA - 60,000 sq ft

Chester, February 2015
MLA - 69,000 sq ft

Oxford 2, July 2014
MLA - 35,000 sq ft

Gypsy Corner, April 2014
MLA - 70,000 sq ft

Chiswick, April 2012
MLA - 75,000 sq ft

New Cross, February 2012
MLA - 62,000 sq ft

Stockport, September 2011
MLA - 65,000 sq ft

Eltham, April 2011
MLA - 70,000 sq ft

Camberley, January 2011
MLA - 68,000 sq ft

High Wycombe, June 2010
MLA - 60,000 sq ft

Our Portfolio (continued)

Reading, December 2009
MLA - 62,000 sq ft

Sheffield Bramall Lane, September 2009 MLA - 60,000 sq ft

Poole, August 2009
MLA - 55,000 sq ft

Nottingham, August 2009
MLA - 67,000 sq ft

Edinburgh, July 2009
MLA - 63,000 sq ft

Twickenham, May 2009
MLA - 73,000 sq ft

Liverpool, March 2009
MLA - 60,000 sq ft

Bromley, March 2009
MLA - 71,000 sq ft

Birmingham, February 2009
MLA - 60,000 sq ft

Sheen, December 2008
MLA - 64,000 sq ft

Sheffield Hillsborough, October 2008 MLA - 60,000 sq ft

Kennington, May 2008
MLA - 66,000 sq ft

Merton, March 2008
MLA - 70,000 sq ft

Fulham, March 2008
MLA - 139,000 sq ft

Balham, March 2008
MLA - 60,000 sq ft

Barking, November 2007
MLA - 64,000 sq ft

Ealing Southall, November 2007
MLA - 57,000 sq ft

Sutton, July 2007
MLA - 70,000 sq ft

Gloucester, December 2006
MLA - 50,000 sq ft

Edmonton, October 2006
MLA - 75,000 sq ft

Kingston, August 2006
MLA - 62,000 sq ft

Bristol Ashton Gate, July 2006
MLA - 61,000 sq ft

Finchley East, May 2006
MLA - 54,000 sq ft

Tunbridge Wells, April 2006
MLA - 57,000 sq ft

Bristol Central, March 2006
MLA - 64,000 sq ft

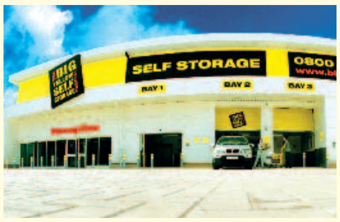
North Kensington, December 2005 MLA - 51,000 sq ft

Leeds, July 2005
MLA - 76,000 sq ft

Beckenham, May 2005
MLA - 71,000 sq ft

Tolworth, November 2004
MLA - 56,000 sq ft

Watford, August 2004
MLA - 64,000 sq ft



Swindon, April 2004
MLA - 53,000 sq ft

Orpington, December 2003
MLA - 64,000 sq ft

Byfleet, November 2003
MLA - 48,000 sq ft

Chelmsford, April 2003
MLA - 54,000 sq ft

Finchley North, March 2003
MLA - 62,000 sq ft

West Norwood, January 2003
MLA - 57,000 sq ft

Colchester, December 2002
MLA - 54,000 sq ft

Bow, November 2002
MLA - 132,000 sq ft

Brighton, October 2002
MLA - 59,000 sq ft

Guildford, June 2002
MLA - 55,000 sq ft

Our Portfolio (continued)

New Malden, May 2002
MLA - 81,000 sq ft

Hounslow, December 2001
MLA - 54,000 sq ft

Battersea, December 2001
MLA - 34,000 sq ft

Ilford, November 2001
MLA - 58,000 sq ft

Cardiff, October 2001
MLA - 74,000 sq ft

Portsmouth, October 2001
MLA - 61,000 sq ft

Norwich, September 2001
MLA - 47,000 sq ft

Dagenham, July 2001
MLA - 51,000 sq ft

Wandsworth, April 2001
MLA - 47,000 sq ft

Luton, March 2001
MLA - 41,000 sq ft

Southend, March 2001
MLA - 57,000 sq ft

Staples Corner, March 2001
MLA - 112,000 sq ft

Romford, November 2000
MLA - 70,000 sq ft

Milton Keynes, September 2000
MLA - 61,000 sq ft

Cheltenham, April 2000
MLA - 50,000 sq ft

Slough, February 2000
MLA - 67,000 sq ft

Hanger Lane, October 1999
MLA - 66,000 sq ft

Oxford, August 1999
MLA - 33,000 sq ft

Croydon, July 1999
MLA - 80,000 sq ft

Richmond, May 1999
MLA - 35,000 sq ft

Proforma Portfolio Summary – Armadillo Stores[1]

	March 2016	March 2015
Number of stores	**14**	14
At 31 March:		
Total capacity (sq ft)	**673,000**	673,000
Occupied space (sq ft)	**477,000**	463,000
Percentage occupied	**70.9%**	68.8%
Net rent per sq ft	**£15.59**	£15.09
For the year:		
REVPAF	**£13.33**	£12.73
Average occupancy	**70.7%**	68.9%
Average annual rent psf	**£15.64**	£15.44
	£000	£000
Self storage income	**7,428**	7,146
Other storage related income	**1,531**	1,408
Ancillary store rental income	**9**	10
Total store revenue	**8,968**	8,564
Direct store operating costs (excluding depreciation)	**(3,681)**	(3,616)
Leasehold rent	**(411)**	(411)
Store EBITDA[2]	**4,876**	4,537
Store EBITDA margin	**54.4%**	53.0%

Cumulative capital expenditure	**£m**
To 31 March 2016	**43.5**
To complete	**0.6**
Total capital expenditure	**44.1**

(1) Please note the Group acquired an interest in Armadillo 1 on 16 April 2014 and in Armadillo 2 on 3 February 2015. The results shown for the comparative period are to provide readers with a clearer understanding of the performance of the portfolios. Please see note 13d for further details.

(2) Store earnings before interest, tax, depreciation, amortisation, and management fees charged by Big Yellow to the Armadillo portfolios (see note 26).

Store Performance

We had a strong quarter to June with good net move-in growth. The second quarter peaked in August and then many of our students and short term house moves vacate in September and October, leading to a net loss in occupied rooms and sq ft occupancy.

In the final quarter we have seen a return to growth in net occupied rooms and increased occupancy in the stores by 123,000 sq ft. The table below illustrates the move-in performance in the year. Given the weaker economic backdrop to deliver broadly the same number of move-ins was a satisfactory performance.

Store move-ins	Total move-ins Year ended 31 March 2016	Total move-ins Year ended 31 March 2015	%	Net move-ins Year ended 31 March 2016	Net sq ft Year ended 31 March 2016
April to June	**20,112**	20,196	0%	**4,460**	**146,000**
July to September	**21,763**	21,873	(1%)	**(1,183)**	**54,000**
October to December	**16,643**	16,897	(2%)	**(1,998)**	**(138,000)**
January to March	**16,920**	16,131	5%	**1,420**	**123,000**
Total	**75,438**	75,097	0%	**2,699**	**185,000**

In all Big Yellow stores, the occupancy growth in the current year was 185,000 sq ft, against an increase of 267,000 sq ft in the prior year (the prior year figure excludes 79,000 sq ft of occupancy acquired with the acquisitions of Chester and Oxford 2). This growth represents an average of 2,606 sq ft per store (2015: 3,870 sq ft per store).

The prior year increase included a one-off short term national account move-in of 25,000 sq ft who vacated in April 2015. Adjusting this out of both years would show current year occupancy growth of 210,000 sq ft compared to 242,000 sq ft in the prior year.

Store occupancy summary	Occupancy 31 March 2016 000 sq ft	Occupancy 31 March 2015 000 sq ft	Growth for year to 31 March 2016 000 sq ft	Growth for year to 31 March 2015 000 sq ft
56 mature stores	**2,689**	2,589	**100**	141
11 established stores	**538**	503	**35**	84
4 developing stores	**136**	86	**50**	42
Total – all 71 stores	**3,363**	3,178	**185**	267

The 56 mature stores are 76.9% occupied compared to 74.1% at the same time last year. The 11 established stores have grown in occupancy from 71.4% to 76.4%. The four developing stores added 50,000 sq ft of occupancy in the year to reach closing occupancy of 51.3%. Overall store occupancy has increased in the year from 73.2% to 75.3%. On a like-for-like basis, closing occupancy was 76.7%, an increase of 3.5 percentage points.

70 of the stores open at the year end are trading profitably at the EBITDA level, with Cambridge the exception, having opened in January 2016, and expected to break even in summer 2016.

Pricing and rental yield

We have continued our sales promotion offer throughout the year of "50% off for up to your first 8 weeks storage". Our Price Promise is also used to match competitors' prices if the product is comparable. Pricing is dynamically generated and takes into account customer demand and local competition.

In the year ended 31 March 2016, the average growth in the net achieved rent per sq ft was 2.5% compared to 2.6% in the prior year. We remain focussed on occupancy and the outcome on portfolio average rental growth is merely a by-product of the yield management at each store.

As our portfolio is now at a higher level of occupancy, our pricing model is increasingly reducing promotions and is raising asking prices where individual units are in scarce supply. This lowering of promotions, coupled with price increases to existing and new customers, leads to an increase in net achieved rents. The table below illustrates this, showing the growth in net rent per sq ft for the portfolio over the period (the table below excludes Enfield and Cambridge which opened in the year).

Average occupancy in the year	Number of stores	Net rent per sq ft growth over the year
0 to 60%	**4**	**(1.9%)**
60 to 70%	**13**	**1.6%**
70 to 80%	**28**	**2.3%**
Above 80%	**24**	**4.1%**

The table below shows the average key metrics across the store portfolio for the year ended 31 March 2016:

	Mature stores	Established stores	Developing stores
Store capacity	62,400	64,000	66,250
Sq ft occupied per store at 31 March 2016	48,000	48,900	34,000
% occupancy	76.9%	76.4%	51.3%
Revenue per store (£000)	1,484	1,229	796
EBITDA per store (£000)	1,018	833	414
EBITDA margin	68.6%	67.8%	51.9%

Armadillo Self Storage

In April 2014 we acquired the portfolio of 10 Armadillo stores, which we have been managing since 2009, with an Australian consortium. The Armadillo platform was grown in February 2015 with the acquisition of a further four stores following the purchase of Big Storage by the Group and its subsequent disposal to a company in which the Group has a 20% interest, with the balance held by an Australian consortium.

In April 2016 we acquired a further two stores into the Armadillo platform in Canterbury and West Molesey, for £6.4 million. This takes the Armadillo platform to 16 stores and 745,000 sq ft of MLA.

Armadillo is a lower-frills brand, with largely freehold conversions of existing buildings, with a minimum capacity of 30,000 sq ft, in towns where we would not typically locate a Big Yellow. Armadillo provides a number of operational advantages to the Group, such as a wider platform to sell to national accounts, more opportunities for staff promotion, and more efficient use of the Company's marketing and central overhead costs. The Group will consider other opportunities to add to the Armadillo platform if the right stores or portfolios become available.

Development pipeline

We have planning consent to construct a new store in central Guildford, which we anticipate opening in Autumn 2017. We own a further six development sites for which planning is to be negotiated, including two existing stores where planning is being sought to extend and redevelop.

We recently surrendered our 125 year lease in Manchester to the City Council for £8 million and took a new 250 year lease on a site of 0.8 acres for which planning for a self storage centre will be sought. We also have an option to re-acquire an additional 0.7 acres if our planning application is unsuccessful.

Included within our development programme are London sites at Kings Cross and Camberwell, acquired during the year. Kings Cross is a one acre site on which we intend to develop a new build store of in excess of 90,000 sq ft, subject to planning. Camberwell is in Zone 2 to the south of London Bridge, and we intend to develop a new build store of 65,000 to 70,000 sq ft, subject to planning.

In December 2014 we acquired the freehold interest of our existing 34,000 sq ft store in Battersea, which had 12 years remaining on the occupational lease together with a 14,100 sq ft retail unit let to Halfords on an annual rent of £458,000 with 6 years unexpired, part of which is sublet to Pets at Home. This increased the freehold ownership of our portfolio and protected our position in this important central London location. In the medium term, we will redevelop the 1.5 acre site to include a larger Big Yellow store together with other uses.

Store Performance (continued)

The status of the Group's development pipeline is summarised in the table below:

Site	Location	Status	Anticipated capacity
Guildford	Prime location in centre of Guildford on Woodbridge Meadows	Minor amendments to existing planning consent being sought. Store due to open in Autumn 2017, cost to complete of £5.5 million	56,000 sq ft
Wandsworth, London	Possible extension of 27,000 sq ft to existing 47,000 sq ft store	Planning under negotiation	Additional 27,000 sq ft
Camberwell, London	Located in prominent location on Southampton Way	Site recently acquired, planning application to be prepared	65,000 to 70,000 sq ft
Kings Cross, London	Prominent location on York Way	Site recently acquired, planning application to be prepared	In excess of 90,000 sq ft
Battersea, London	Prominent location on junction of Lombard Road and York Road (South Circular)	Potential redevelopment of Big Yellow store and adjoining retail in a mixed use residential scheme to increase our self storage capacity Early design discussions with the Borough Council	Up to an additional 50,000 sq ft
Newcastle	Prime location on Scotswood Road	Negotiations ongoing with existing long leasehold tenant to obtain vacant possession	50,000 sq ft to 60,000 sq ft
Manchester	Prime location on Water Street in central Manchester	Planning under negotiation	60,000 sq ft

The Group acquired trading stores from Lock and Leave at Nine Elms and Twickenham in April 2016 for £14.6 million. Beyond this acquisition, there is currently no committed capital expenditure for the next financial year, although the Group intends to start the construction of Guildford in the second half of the year.

The Group manages the construction and fit-out of its stores in-house, as we believe it provides both better control and quality, and we have an excellent record of building stores on time and within budget.

Delivering results

Like-for-like revenue for the year was £87.6 million, an increase of 10% from the prior year (2015: £79.9 million).

Financial results

Revenue

Total revenue for the year was £101.4 million, an increase of £17.1 million (20%) from £84.3 million in the prior year. Like-for-like revenue for the year was £87.6 million, an increase of 10% from the prior year (2015: £79.9 million). Like-for-like revenue excludes the 12 Partnership stores (acquired December 2014), Chester (acquired January 2015), Enfield (opened April 2015) and Cambridge (opened January 2016); the prior period figure also excludes management fees earned from Big Yellow Limited Partnership.

Other sales (included within the above), comprising the selling of packing materials, insurance and storage related charges, represented 17.2% of storage income for the year (2015: 16.8%) and generated revenue of £14.6 million for the year, up 24% from £11.8 million in 2015. On a like-for-like basis, the increase in other sales was 9%.

The other revenue earned by the Group is management fee income, largely from the Armadillo Partnerships, and tenant income on sites where we have not started development.

Operating costs

Cost of sales comprises principally of the direct store operating costs, including store staff salaries, utilities, business rates, insurance, a full allocation of the central marketing budget and repairs and maintenance.

The breakdown of the portfolio's operating costs on a proforma basis (with the Partnership stores in full in both years) compared to the prior year is shown in the table below (see Portfolio Summary):

Category	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000	% increase	% of store operating costs in 2016
Cost of sales (insurance and packing materials)	**2,149**	2,035	6%	7%
Staff costs	**8,001**	7,512	7%	27%
General & Admin	**1,183**	1,134	4%	4%
Utilities	**1,406**	1,431	(2%)	5%
Property Rates	**9,544**	9,144	4%	32%
Marketing	**3,865**	3,431	13%	13%
Repairs / Maintenance	**2,240**	2,088	7%	7%
Insurance	**992**	912	9%	3%
Computer Costs	**440**	442	0%	1%
Irrecoverable VAT	**266**	227	17%	1%
Total	**30,086**	28,356	6%	

Cost of sales in the income statement has increased by £5.2 million (19%) to £32.6 million (2015: £27.4 million). Of this increase £2.9 million arises as a result of including a full year of the operating costs of the Partnership stores acquired on 1 December 2014.

In the table above which shows the Partnership stores as if they had been owned for a full year, the operating costs have increased by £1.7 million. £0.8 million of this increase is due to new stores at Enfield, Cambridge and the full year impact of Chester. The remaining increase of £0.9 million (representing a 3% increase on the prior year on a like for like basis) is due to an increased investment in marketing, inflationary increases, coupled with the prior year figure being reduced by rates rebates at couple of stores.

Administrative expenses in the income statement have increased by £0.4 million compared to the prior year. This is due principally to an increase of £0.5 million in the share based payment charge offset by a reduction in legal and professional fees. In addition, it is important to note that of our total £8.9 million administrative expense for the year, £2.5 million relates to the non-cash share based payments charge.

Financial Review (continued)

Store EBITDA

Store EBITDA for the year included in the income statement was £67.8 million, an increase of £12.5 million (23%) from £55.3 million for the year ended 31 March 2015. The increase including the Partnership stores on a proforma basis in the prior year is 13% (2015: £59.9 million) (see Portfolio Summary).

The overall EBITDA margin for all Big Yellow stores during the year was 68.0%, compared to 66.4% last year.

Interest expense on bank borrowings

The gross bank interest expense for the year was £11.2 million, an increase of £1.1 million from the prior year. This reflects the higher debt levels following the acquisition of the Partnership stores in December 2014 and capital expenditure in the current year, partly offset by a reduction in the Group's average cost of debt. The average cost of borrowing during the year was 3.6% compared to 3.9% in the prior year.

Total interest payable has increased in the statement of comprehensive income from £10.7 million to £11.9 million principally due to the increase in the gross bank interest expense mentioned above. Capitalised interest decreased by £0.2 million from the prior year. The interest capitalised in the year is principally on our Cambridge development.

Profit before tax

The Group made a profit before tax in the year of £112.2 million, compared to a profit of £105.2 million in the prior year.

After adjusting for the gain on the revaluation of investment properties and other matters shown in the table below, the Group made an adjusted profit before tax in the year of £49.0 million, up 24% from £39.4 million in 2015.

Profit before tax analysis	2016 £m	2015 £m
Profit before tax	**112.2**	105.2
Gain on revaluation of investment properties	**(58.0)**	(64.5)
Movement in fair value on interest rate derivatives	**–**	2.3
Gains on surplus land	**(4.8)**	(1.3)
Share of non-recurring gains in associates	**(0.4)**	(2.3)
Adjusted profit before tax	**49.0**	39.4

The movement in the adjusted profit before tax from the prior year is illustrated in the table below:

	£m
Adjusted profit before tax – year ended 31 March 2015	**39.4**
Increase in gross profit	**11.8**
Increase in net interest payable	**(1.1)**
Increase in administrative expenses	**(0.4)**
Decrease in share of recurring profit of associates	**(0.5)**
Decrease in capitalised interest	**(0.2)**
Adjusted profit before tax – year ended 31 March 2016	**49.0**

Basic earnings per share for the year was 71.9p (2015: 72.5p) and fully diluted earnings per share was 71.6 p (2015: 71.9p). Diluted EPRA earnings per share based on adjusted profit after tax was up 15% to 31.1p (2015: 27.1p) (see note 12). The percentage increase is lower than that reported for adjusted profit before tax due to the impact of placing an additional 14.4 million shares on 19 November 2014 to part fund the acquisition of the Big Yellow Limited Partnership stores.

REIT status

The Group converted to a Real Estate Investment Trust ("REIT") in January 2007. Since then the Group has benefited from a zero tax rate on the Group's qualifying self storage earnings. The Group only pays tax on the profits attributable to our residual business, comprising primarily of the sale of packing materials and insurance, and fees earned from the management of the Armadillo portfolio.

REIT status gives the Group exemption from UK corporation tax on profits and gains from its qualifying portfolio of UK stores. Revaluation gains on developments and our existing open stores will be exempt from corporation tax on capital gains, provided certain criteria are met.

The Group has a rigorous internal system in place for monitoring compliance with criteria set out in the REIT regulations. On a monthly basis, a report to the Executive on compliance with these criteria is carried out. To date, the Group has complied with all REIT regulations, including forward looking tests.

Taxation

There is a tax charge in the current year of £0.2 million. This compares to a tax credit in the prior year of £0.4 million. In the prior year the Group received a refund of £0.2 million in relation to the REIT conversion charge for two properties and there was a £0.3 million credit due to a favourable difference between the tax provision and actual tax liability.

The current year tax charge reflects an increase in profits in our residual business, in part offset by deductions allowed for tax purposes from the exercise of share options.

Dividends

The Board is recommending the payment of a final dividend of 12.8 pence per share in addition to the interim dividend of 12.1 pence, giving a total dividend for the year of 24.9 pence, an increase of 15% from the prior year.

REIT regulatory requirements determine the level of Property Income Dividend ("PID") payable by the Group. On the basis of the full year distributable reserves for PID purposes, a PID of 18.1 pence per share is payable (31 March 2015: 16.1 pence). The balance of the total annual dividend represents an ordinary dividend declared at the discretion of the Board, in line with our policy to distribute 80% of our adjusted earnings per share in each reporting period.

The table below summarises the declared dividend for the year:

Dividend (pence per share)		31 March 2016	31 March 2015
Interim dividend	– PID	**12.1p**	10.4p
	– discretionary	**nil p**	nil p
	– total	**12.1p**	10.4p
Final dividend	– PID	**6.0p**	5.7p
	– discretionary	**6.8p**	5.6p
	– total	**12.8p**	11.3p
Total dividend	– PID	**18.1p**	16.1p
	– discretionary	**6.8p**	5.6p
	– total	**24.9p**	21.7p

Subject to approval by shareholders at the Annual General Meeting to be held on 22 July 2016, the final dividend will be paid on 28 July 2016. The ex-div date is 16 June 2016 and the record date is 17 June 2016.

Cash flow growth

The Group is strongly cash generative and draws down from its longer term committed facilities as required to meet obligations.

A summary of the cash flow for the year is set out in the table below:

	Year ended 31 March 2016 £000	Year ended 31 March 2015 £000
Cash generated from operations	**66,215**	51,875
Net finance costs (including tax)	**(10,748)**	(9,478)
Free cash flow	**55,467**	42,397
Capital expenditure	**(44,575)**	(42,786)
Finance lease payments	**(967)**	(918)
Acquisition of Big Yellow Limited Partnership	**–**	(37,406)
Acquisition of Big Storage Limited	**–**	(15,114)
Asset sales (including Big Storage Limited)	**7,835**	10,429
Receipt from Capital Goods Scheme	**184**	3,557
Investment in associates (net of dividends received)	**270**	(3,620)
Cash flow after investing activities	**18,214**	(43,461)
Ordinary dividends	**(36,443)**	(27,890)
Issue of share capital	**378**	77,094
Non-recurring finance costs	**–**	(4,057)
Net movement on Big Storage loans	**–**	4,241
Repayment of Partnership loan	**–**	(57,000)
Increase in borrowings	**26,864**	55,966
Net cash inflow	**9,013**	4,893
Opening cash and cash equivalents	**8,194**	3,301
Closing cash and cash equivalents	**17,207**	8,194
Closing debt	**(312,198)**	(285,334)
Closing net debt	**(294,991)**	(277,140)

Free cash flow pre-capital expenditure increased by 31% to £55.5 million for the year (2015: £42.4 million). In the year capital expenditure outflows were £44.6 million, down from £95.3 million in the prior year (including acquisitions).

The capital expenditure during the year principally relates to the acquisition and construction of our new store in Cambridge and the acquisition of development sites at Kings Cross and Camberwell. We have also continued to invest in fitting out further Phase 2 space at our existing stores.

During the prior year we acquired an existing store in Oxford, the freehold of Chester, the freehold of our store in Battersea and paid the deposit on acquiring a site in Cambridge. We also constructed our Enfield store and invested in Phase 2 fit outs. Additionally, we acquired the two thirds share of Big Yellow Limited Partnership and acquired, and subsequently disposed of the share capital of Big Storage Limited with four stores excluding the leasehold interest in Chester.

The cash flow after investing activities was a net inflow of £18.2 million in the year, compared to an outflow of £43.5 million in 2015; the improvement being due to one off acquisitions in the prior year as explained above. The non-recurring finance costs in the prior year relate to £1.4 million of payments made to cancel interest rate derivatives and £2.6 million relating to arrangement fees paid for the M&G and senior debt loans.

Balance sheet

Property

The Group's 71 stores and 5 stores under development at 31 March 2016, which are classified as investment properties, have been valued individually by Cushman & Wakefield ("C&W") and this has resulted in an investment property asset value of £1,126.2 million, comprising £1,050.3 million (93%) for the 65 freehold (including two long leaseholds) open stores, £41.9 million (4%) for the six short leasehold open stores and £34.0 million (3%) for the five freehold investment properties under construction.

Analysis of property portfolio	Value at 31 March 2016	Revaluation movement in year
Investment property	£1,092.2m	£62.0m
Investment property under construction	£34.0m	(£4.0m)
Total	**£1,126.2m**	**£58.0m**

Investment property

The valuations in the current year have grown from the prior year, with a revaluation surplus of £62.0 million on the open Big Yellow stores. Of this increase £12.4 million is due to an improvement in the cap rate used in the valuations. £64.0 million of the increase in value is due to the growth in cash flow from the assets and the operating assumptions adopted in the valuations. These factors are in part offset by an increase in the purchasers' costs assumed in the valuation from 5.8% to a range of 6.1% to 6.8% reflecting the new progressive SDLT rates brought into force in March 2016, which reduced the valuation by £14.4 million.

The valuation is based on an average occupancy over the 10 year cash flow period of 80.9% across the whole portfolio.

	Mature Leasehold	Mature Freehold	Established Freehold	Developing Freehold	Total
Number of stores	6	50	11	4	71
MLA capacity (sq ft)	398,000	3,097,000	704,000	265,000	4,464,000
Valuation at 31 March 2016	£41.9m	£835.6m	£150.4m	£64.3m	£1,092.2m
Value per sq ft	£105	£270	£214	£243	£245
Occupancy at 31 March 2016	81.1%	76.4%	76.4%	51.3%	75.3%
Stabilised occupancy assumed	83.1%	80.9%	84.1%	85.0%	81.9%
Net initial yield pre-admin expenses	11.9%	6.4%	6.5%	3.9%	6.5%
Stabilised yield assuming no rental growth	12.6%	6.9%	7.5%	7.5%	7.2%

The initial yield pre-administration expenses assuming no rental growth is 6.5% (2015: 6.4%) rising to a stabilised yield of 7.2% (2015: 7.4%). The stores are assumed to grow to stabilised occupancy in 20 months on average. Note 14 contains more detail on the assumptions underpinning the valuations.

There is very little transaction activity in the prime self storage market, although there has been some activity for secondary assets. As referenced in note 14, C&W's valuation report further confirms that the properties have been valued individually but that if the portfolio was to be sold as a single lot or in selected groups of properties, the total value could differ significantly. C&W state that in current market conditions they are of the view that there could be a material portfolio premium.

Investment property under construction

The investment property under construction has increased significantly since the prior year, with the acquisitions of development sites at Kings Cross and Camberwell. This has been offset by the transfers of Enfield and Cambridge to investment property on the opening of the stores. There is a revaluation deficit of £4.0 million in relation to the investment property under construction in the year. This in part relates to Manchester, where the projected construction costs have increased; additionally, the valuation of Kings Cross does not reflect the larger scheme being planned on site, as the proposed land exchange to facilitate this has not yet been contracted.

Purchaser's cost adjustment

As in prior years, we have instructed an alternative valuation on our assets using a purchaser's cost assumption of 2.75% (see note 14 for further details) to be used in the calculation of our adjusted diluted net asset value. This Red Book valuation on the basis of 2.75% purchaser's costs, results in a higher property valuation at 31 March 2016 of £1,190.4 million (£64.2 million higher than the value recorded in the financial statements). With the share of uplift on the revaluation of the Armadillo stores, this translates to 40.8 pence per share.

The revised valuation translates into an adjusted net asset value per share of 569.1 pence (2015: 510.4 pence) after the dilutive effect of outstanding share options.

Surplus land

During the year, the Group sold its surplus site in Central Manchester for £8 million. This represented a profit over book value, after selling costs, of £4.8 million, which included the release of a provision previously made against the land of £2.3 million. In the prior year, the Group sold its surplus site at Guildford Central for £2.8 million, representing a profit over book value of £1.3 million.

At 31 March 2016 the Group owned £0.3 million of land surplus to our requirements at one site. The site is held at the lower of cost and net realisable value and has not been externally valued; it is contracted to be sold for £0.3 million in the year ended 31 March 2017.

Receivables

At 31 March 2016 we have a receivable of £9.4 million in respect of payments due back to the Group under the Capital Goods Scheme as a consequence of the introduction of VAT on self storage from 1 October 2012.

The debtor has been discounted in accordance with International Accounting Standards to the net present value using the Group's average cost of debt, with £0.4 million of the discount being unwound through interest receivable in the period. The gross value of the debtor before discounting is £10.1 million.

The Group received £0.2 million under the Scheme in the year, with £3.6 million received during the prior year, with the majority of the October 2015 receipt accelerated to January 2015 following the merger of the Group's two VAT groups.

Movement in adjusted NAV

The year on year movement in adjusted net asset value (see note 12) is illustrated in the table below:

Movement in adjusted net asset value	Equity shareholders' funds £m	EPRA adjusted NAV per share (pence)
1 April 2015	801.4	510.4
Adjusted profit	49.0	31.0
Equity dividends paid	(36.4)	(23.0)
Revaluation movements		
(including share of associate)	58.7	37.2
Movement in purchaser's cost adjustment	18.6	11.8
Profit on disposal of surplus land	4.8	3.0
Other movements (eg share schemes)	2.9	(1.3)
31 March 2016	**899.0**	**569.1**

Borrowings

We focus on improving our cash flows allied to a relatively conservative debt structure secured principally against the freehold estate. For the year we had healthy Group interest cover of 6.2 times (2015: 5.4 times) based on cash generated from operations against interest paid.

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 our 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.

The table below summarises the Group's debt facilities:

Debt	Expiry	Facility	Drawn at 31 March 2016	Average cost
Aviva Loan	April 2027	£92.2 million	£92.2 million	4.9%
M&G loan	June 2022	£70 million	£70 million	3.8%
Bank loan (Lloyds & HSBC)	October 2020, with option for an additional year	£170 million	£150 million	2.4%
Total	**Average term 6.3 years**	**£332.2 million**	**£312.2 million**	**3.5%**

The Group's loan with Aviva is at a fixed rate and amortises to £60 million over the course of its 15 year term.

During the year, the Group drew down the seven year £70 million M&G loan, repaying simultaneously a £70 million bridging loan that had been provided by Lloyds. The M&G loan is 50% fixed and 50% floating.

In October 2015, the Group extended the term of its bank loan from August 2019 to October 2020, with an option to extend for a further year to October 2021. The margin payable on the interest cover ratchet was also reduced by 25 bps on both the term and the revolving debt. The revolving debt now pays a margin of 125 bps and the term debt 150 bps. Were the term and the revolver to be fully drawn, the weighted average margin would be 137.5 bps. The Group has an option to increase the amount of the revolving loan facility by a further £80 million during the course of the loan's term. £20 million of this option was taken up subsequent to the year end, and hence at the date of signing the Group's bank loan facility was £190 million, and total facilities were £352 million.

The Group has an interest rate derivative of £30 million expiring in September 2016 at a pre-margin cost of 2.8%. The bank loan currently requires 45% of all drawn debt to be hedged or fixed.

The Group was in compliance with its banking covenants at 31 March 2016. The Group currently has a net debt to gross property assets ratio of 26%, and a net debt to adjusted net assets ratio of 33%.

At 31 March 2016, the fair value on the Group's interest rate derivatives was a liability of £3.7 million. The Group does not hedge account its interest rate derivatives. As recommended by EPRA (European Public Real Estate Association), the fair value movements are eliminated from adjusted profit before tax, diluted EPRA earnings per share, and adjusted net assets per share.

Treasury continues to be closely monitored and its policy approved by the Board. We maintain a keen watch on medium and long-term rates and the Group's policy in respect of interest rates is to maintain a balance between flexibility and hedging of interest rate risk.

Cash deposits are only placed with approved financial institutions in accordance with the Group's Treasury policy.

Share capital

The share capital of the Company totalled £15.7 million at 31 March 2016 (2015: £15.8 million), consisting of 157,369,287 ordinary shares of 10p each (2015: 158,055,735 shares). During the period, the Group cancelled the 1.4 million treasury shares in issue.

Shares issued for the exercise of options during the year amounted to 0.7 million at an average exercise price of 704p (2015: 0.6 million shares at an average price of 540p).

The Group holds 1.1 million shares within an Employee Benefit Trust ("EBT"). These shares are shown as a debit in reserves and are not included in calculating net asset value per share.

	2016 No.	2015 No.
Opening shares	**158,055,735**	143,061,147
Cancellation of treasury shares	**(1,418,750)**	–
Shares issued for the placing	**–**	14,352,711
Shares issued for the exercise of options	**732,302**	641,877
Closing shares in issue	**157,369,287**	158,055,735
Shares held in EBT	**(1,122,907)**	(1,500,000)
Shares held in treasury	**–**	(1,418,750)
Closing shares for NAV purposes	**156,246,380**	155,136,985

56.9 million shares were traded in the market during the year ended 31 March 2016 (2015: 73.1 million). The average mid-market price of shares traded during the year was 716.3p with a high of 847.0p and a low of 618.5p.

Financial Review (continued)

Armadillo Self Storage

The Group has a 20% investment in Armadillo Storage Holding Company Limited and a 20% investment in Armadillo Storage Holding Company 2 Limited. In the consolidated accounts of Big Yellow Group PLC, our investments in the vehicles are treated as associates using the equity accounting method.

The combined occupancy of the portfolios is 477,000 sq ft, against a total capacity of 673,000 sq ft, with growth of 14,000 sq ft over the year. The stores' occupancy at 31 March 2016 was 70.9% (31 March 2015: 68.8%). The net rent achieved at 31 March 2016 by the Armadillo stores is £15.59 per sq ft, an increase of 3% from the same time last year. Revenue increased by 5% to £9.0 million for the year to 31 March 2016 (2015: £8.6 million).

The Armadillo Partnerships made a combined operating profit of £4.3 million in the year, of which Big Yellow's share is £0.9 million. After net interest costs, the revaluation of investment properties (valued by Jones Lang Lasalle), deferred tax on the revaluation surplus and interest rate derivatives, the profit for the year was £5.6 million, of which the Group's share was £1.1 million.

Big Yellow has a five year management contract in place in each Partnership. For the year to 31 March 2016, the Group earned management fees of £0.7 million. The Group's share of the declared dividend for the year is £0.4 million, representing a 10% yield on our investment for the year.

Principal risks and uncertainties

The Directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The section below details the principal risks and uncertainties that are considered to have the most material impact on the Group's strategy and objectives. These key risks are monitored on an ongoing basis by the Executive Directors, and considered fully by the Board in its annual risk review.

Risk and impact	Mitigation
Self storage market risk There is a risk to the business that the self storage market does not grow in line with our projections, and that economic growth in the UK is below expectations, which could result in falling demand and a loss of income.	The UK economy is projected to grow at approximately 2% in 2016, and is now ahead of the level of output last achieved in 2007 before the global financial crisis. Self storage has proved relatively resilient through the crisis, with our revenue and earnings increasing over the last six years. As the economy has recovered in the past few years, the market risk has fallen in line with increasing occupancy. 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 new store openings within the sector have slowed to an average of 11 stores per year over the past six years, down from a peak of 34 per year in 2005-2009. Our performance during the downturn was 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 and other large metropolitan cities, which have 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, from a secure capital structure. We have a large current storage customer base of approximately 50,000 spread across the portfolio of 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. This is 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 Group's like-for-like occupancy has increased by 3.5 percentage points in the year from 73.2% to 76.7%.

Property risk There is a risk that we will be unable to acquire new development sites which meet management's criteria. This would impact on our ability to grow the overall store platform. Given the recent acquisitions of sites in London, the risk to the Group from failure to obtain planning has increased from the prior year.	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, that said, the availability of land, and competition for it makes acquiring new sites challenging. The planning process remains difficult with some planning consents taking in excess of twelve months to achieve. Our in-house development team and our professional advisers have significant experience in obtaining planning consents for self storage centres. 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. We carried out an external benchmarking of our construction costs and tendering programme in the year, which had satisfactory results.
Valuation risk The valuations of the Group's investment properties may fall due to external pressures or the impact of performance. Lack of transactional evidence in the self storage sector leads to more subjective valuations.	The valuations are carried out by independent, qualified external valuers who value a significant proportion of the UK self storage industry. The portfolio is diverse with approximately 50,000 customers currently using our stores for a wide variety of reasons. There is significant headroom on our loan to value banking covenants.
Treasury risk The Group may face increased costs from adverse interest rate movements.	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 have made it clear that we believe optimal leverage for a business such as ours should be LTV in the range 20% to 30% and this informs our management of treasury risk. 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 fixed rate loan in place from Aviva Commercial Finance Limited, with 11 years remaining. In the year, the Group drew down on a seven year £70 million loan from M&G Investments, which is 50% fixed and 50% floating. 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 45% of our total borrowings fixed, with the balance floating paying margin over LIBOR. At 31 March 2016 50% of the Group's total borrowings were fixed or subject to interest rate derivatives. The Group's interest cover ratio for the year to 31 March 2016 was 6.2 times, which has increased from 5.4 times in the prior year. 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. This sensitivity testing underpins the viability statement below. 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.
Credit risk The Group is exposed to a credit risk from its customers.	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. 81% of our current customers pay by direct debit; however of new customers moving into the business in the last year 83% have paid by direct debit. Businesses often prefer to pay by cheque or BACS. Since 2007 we have not seen an increase in the levels of bad debts and arrears. In the year to 31 March 2016 our bad debt expense represented 0.08% of revenue in the year, a reduction from 0.15% in the prior year.

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 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. The Government announced a review of property rates last year. This is a significant cost to the business, and we are monitoring any potential impact from a revision in the basis of assessment or taxation.
Real Estate Investment Trust ("REIT") risk The Group is 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, including projected tests.
Human resources risk Our people are key to our success and as such we are exposed to a risk of high staff turnover, and a risk of the loss of key personnel. With the economy improving and unemployment falling, the risk of higher staff turnover and difficulty in finding the right employees increases.	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. We were pleased to be ranked 80th in the Sunday Times Best 100 Companies to Work For survey in 2016.
Security risk The Group is exposed to the risk of the damage or loss of store due to vandalism, fire, or natural incidents such as flooding. This may also cause reputational damage.	The safety and security of our customers, their belongings, 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 outside 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.
Cyber risk There have been a number of high profile cyber-attacks / data security breaches over the last 12 months and the Group considers the risks to the website and internal systems to have increased over the year. This risk hasn't increased any faster for the Group than anyone else; we consider that the threats in the entire digital landscape continue to increase. The results of any breach may result in reputational damage, or customer compensation, causing a loss of market share and income.	The Group receives specialist advice and consultancy in respect of cyber security and we have dedicated in-house monitoring and regular reviews of our security systems. We also limit the retention of customer data to the minimum requirement. During the year we have continued to invest in digital security, implementing new intrusion detection systems as well as the replacement of existing systems such as firewalls. Policies and procedures are under regular review and benchmarked against industry best practice by our consultants. These policies also include defend, detect and response policies.

Internal audit

The Group does not have a formal internal audit function because the Board has concluded that the internal controls systems 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, and also meets with the Audit Committee at least once a year. 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. The Store Compliance team visit each operational store twice a year to carry out a detailed store audit. These audits are unannounced and the Store Compliance team carry out detailed tests on financial management within the stores, administrative standards, and operational standards. 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, the Financial Controller 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 in the Strategic Report. 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 notes to the financial statements.

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 2017 and projections contained in the longer-term business plan which covers the period to March 2020. 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.

VIABILITY STATEMENT

The Directors have assessed the Group's viability over a four year period to March 2020. This is based on the Group's long term strategic plan with the period selected to give greater certainty over the forecasting assumptions used.

In making their assessment, the Directors took account of the Group's current financial position, including committed capital expenditure. The Directors also assessed the potential financial impact of the various risks and uncertainties set out in the report above on the Group's cash flows, REIT compliance and financial covenants and the likely effectiveness of the mitigating options detailed. The Directors have assumed that funding for the business in the form of equity and bank and insurance debt will be available in all plausible market conditions.

Based on this assessment the Directors have a reasonable expectation that the Company and the Group will be able to continue in operating and meet all their liabilities as they fall due to March 2020.

Corporate Social Responsibility Report

Big Yellow recognises that a high level of Corporate Social Responsibility ("CSR"), linked to clear commercial objectives, will create a more sustainable business and increase shareholder and customer value.

1.0 INTRODUCTION

Big Yellow recognises that a high level of Corporate Social Responsibility ("CSR"), linked to clear commercial objectives, will create a more sustainable business and increase shareholder and customer value. Our CSR policy covers all of our operations, as a self storage provider, a real estate developer, an employer and a participant in our local communities.

Big Yellow seeks to meet the demand for self storage from businesses and private individuals providing the storage space for their commercial and/or domestic needs, whilst aiding local employment creation and contributing to local community regeneration.

2.0 CSR EXECUTIVE SUMMARY

Big Yellow is pleased to deliver another year of steady CSR progress across the Group. Our focus over the last 12 months has delivered the following benefits:

- Our successful entry into the Sunday Times 100 Best Companies to Work For, after a survey response rate of 81% from our team – compared to an average of 63% from other companies. We achieved a Two Star Status in the Best Companies Accreditation, with only 21% of the entrants bettering our status.
- Supporting 14 different local charities elected by our stores and by our head office teams; our people undertook a variety of activities for these (and a few other) charities and raised over £45,000 of funds during the year. At the same time Big Yellow and Armadillo Self Storage donated the equivalent of over £753,000 of free storage in the same period.
- Big Yellow's Health & Safety record on our construction sites and at our stores maintained its exemplary high standards. Measured by both the number of recorded Minor Injuries – and by RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulation) – our high standards of health and safety have continued to be delivered to our customers, staff, contractors and other visitors. Furthermore, we have continued to manage our construction sites under the controlling factors of the CCS (Considerate Constructors Scheme).
- Our continued investment in LED lighting – and in fuel efficient gas heating systems at our flexi-offices – has delivered reduced carbon emissions in both absolute and like-for-like measures. Our total annual Carbon emissions are now 35.2% lower than our peak year of 2011. Furthermore – if we look at these emissions in relation to our occupancy – our carbon per square metre occupied is down 58.0% from our 2011 peak.
- We have continued to open new stores with sustainable energy generation investments. In the last 12 months our new solar investment at Enfield (a new store) has added to our supply chain, which has now grown by 335% since 2011. Our 17 stores with solar energy systems now generate 15.4% of the total electricity they need from sustainable sources.
- We continue to benchmark our CSR performance against credible certifications where we consider them to be relevant. 42% of our stores hold EPC's (Energy Performance Certificates), the majority of which are rated A or B. We have assessed a selection of stores to comply with the UK Energy Savings Opportunity Scheme (ESOS) and are considering the outcome of these surveys for future sustainable initiatives. We continue to participate in sustainable benchmarking initiatives such as the FTSE4Good, EPRA, Carbon Disclosure Project (CDP) and the Global Real Estate Sustainability Benchmark (GRESB).

Finally, we continue to plan for the future and to continue to deliver sustainable benefits to the Group. We aim to reduce our Greenhouse Gas Emissions (GHG) from the 2008 peak by 40.4% by 2020. We will achieve this by continuing our investment in LED lighting, solar PV systems on our store roofs and other sustainable initiatives identified from our ESOS surveys.

We recognise the importance of supporting local community projects and charities through fundraising and donating free storage space.

During the year we donated space in our stores worth approximately £753,000 to charities.

2.1 OUR PEOPLE

Our people are at the heart of Big Yellow's business, bringing our values to life through the service that they provide, and bringing the energy and passion that drives us to become an ever more responsible and sustainable business.

We recognise that recruiting, retaining and motivating individuals with talent and integrity – and ensuring that we listen to our people and maximise their skills and performance - is key to the continued success of our Company.

We encourage a culture of partnership within the business and believe in staff participating in corporate performance through benefits, such as bonus schemes and share incentives. We recognise and reward the exceptional performance, achievements and ideas of our people through a Points Recognition Scheme, and awarded £55,000 of points to our staff for the year ended 31 March 2016.

Wellbeing and Support

We aim to promote employee wellbeing through a range of flexible working options which include flexitime, staggered hours, home working and sabbaticals. We provide Childcare Vouchers along with a comprehensive range of medical support and advice through our private healthcare scheme and occupational health providers. We have arranged corporate gym membership on a national basis, as well as a "Cycle to Work" scheme and Employee Assistance Programmes.

Communication and Engagement

We continue to recognise the importance of communication and consultation with our people and provide an annual spring conference, regular formal and informal meetings, quarterly newsletters and weekly operational updates. In addition, the Directors and senior management spend a significant amount of time in the stores and are accessible to employees at all levels.

In February 2016, we were named as one of the Sunday Times 100 Best Companies to Work For. We are particularly proud of this achievement given a total of 1,336 companies initially applied to participate in this process and we achieved a survey response rate of 81%, compared to an average of 62.6%.

In addition, we also achieved Two Star Status in the Best Companies Accreditation. In total, 768 companies gained accreditation, with only 21% having bettered us in achieving three stars. Our Two Star Status demonstrates that we have achieved outstanding levels of employee engagement within the Company.

Training and Development

We continue to promote the development of staff through ongoing training and regular performance appraisals. For the year ended 31 March 2016 a total of 960 days training was provided across the Company, comprising of both sales and operational training and personal and management development.

Our "Big Impressions" customer experience programme continued throughout the year, with one element of the programme being re-designed to further support our teams in completely understanding and fulfilling the needs of our customers.

During the last year, ten staff have completed our personal development programme designed specifically for Assistant Store Managers, with four of those people having subsequently been promoted to the position of Store Manager. Eight Assistant Store Managers are currently participating in the programme, to prepare them for their future progression within the Company.

As a result of this programme and our other internal training and development programmes, 55% of our store based staff have been promoted from within the business to their existing position.

2.0 CSR EXECUTIVE SUMMARY (continued)

Community

We recognise the importance of contributing within the local community and we encourage our people to develop close links with charities, schools and other institutions, both locally and nationally, to help to build more economically sustainable environments.

For the year ended 31 March 2016, we recognised and supported 14 different Company charities which were elected by our store and head office teams. Our people undertook a variety of activities for both these and other charities, with donations also being made by the Company.

Throughout the year a total of £29,000 was raised for our Company charities and £16,000 was raised for other charities.

Examples of our fundraising activities have included:

The Anne Rowling Clinic

One of our team members ran the Edinburgh Half Marathon, Great North Run and Great Birmingham Run and raised nearly £1,600 for the Anne Rowling Clinic, which is a charitable University of Edinburgh research facility focusing on a wide range of neurological conditions, especially neurodegenerative diseases.

"Donations from the dedicated fundraising efforts of John Laffey, from Big Yellow Self Storage are already making an impact on the lives of patients with MS and other neurodegenerative diseases. The research work at the Anne Rowling Regenerative Neurology Clinic will help us to apply the latest discoveries in regenerative medicine to neurodegenerative diseases and we are committed to discovering therapies that will slow, stop or even reverse the damage that these diseases cause. Our patients are grateful for the generous donations and have asked us to pass on their thanks to both John and Big Yellow. We would like to thank John for running so hard and far to raise awareness and funds for the Anne Rowling Clinic".

Kerry Mackay, Individual Giving Officer, The Anne Rowling Clinic

British Heart Foundation

Nine of our stores have acted as "Donation Stations" for the British Heart Foundation, raising a total of just under £23,000 for the year from bags of unwanted clothes and household goods, which will support the charity's pioneering heart research, as well as the care of people living with heart disease.

In addition a further £3,200 has been raised across the year by various members of staff completing sponsored swims, runs and cycle rides.

"We are delighted with the continued support we have received from Big Yellow staff and customers over the last few years. We're very grateful for the unwanted items that have been donated. By selling these in British Heart Foundation shops and stores, and fundraising activities that have taken place, over £45,000 has been raised to date which will help fund our life saving research. It's wonderful to have the support of Big Yellow and we are looking forward to another successful year of our partnership"

Clare Appleby, Corporate Partnerships Account Manager, British Heart Foundation

Go Dad Run

Big Yellow provided sponsorship of £20,000 for the Go Dad Run in June 2015, the aim of which is to raise awareness of, and funds for, Prostate Cancer UK through a series of 5k and 10k runs.

House of St Barnabus

A total of £3,500 was raised at a Big Yellow hosted lunch for our construction suppliers to support this London based charity, whose aim is to make lasting employment a reality for those affected by homelessness and social exclusion.

Southwark Tigers Rugby Club

During the last year, Big Yellow has provided sponsorship of £2,500 to this inner city junior rugby club whose aim is to benefit young people through the skills learnt in the game of rugby and make it affordable and attractive to all.

"Big Yellow Storage have always been a keen supporter of Southwark Tigers Rugby Club, the first inner city rugby club in Britain. Whenever the club needs a boost, when the kit starts to look tatty, or new balls are required, the Company steps up immediately to help. The support of Big Yellow has helped us immensely. We are now encouraging Southwark council to build an artificial rugby pitch that will allow us to really develop rugby in the area".

Vernon Neve-Dunn, Chairman, Southwark Tigers Rugby Club

Caius House

Caius House is a charity and youth club in Battersea, London, which aims to provide young people within the local community with a safe place to go to where their skills and talents can be progressed to fulfil their potential. During the last year, Big Yellow has provided the Caius House football team with sponsorship of £10,000.

"Caius House is delighted to have the support of Big Yellow Self Storage for our football teams. The young people have really enjoyed participating in a high quality club which is free of charge and have done well in the leagues this season. We hope for even greater success in the upcoming season and we would like to take this opportunity to thank all the staff and Directors at Big Yellow Self Storage for making this possible".

Tameeka Smith, Director, Caius House

Free Storage

In addition to our fundraising activities, we have also provided charities with free storage. For the year ended 31 March 2016, the space occupied by charities in Big Yellow and Armadillo stores on this basis was 46,000 sq ft, worth approximately £753,000 per annum at standard rents. Some of the many charities that have benefited from this storage include Cancer Research, Macmillan, the National Childbirth Trust, the British Heart Foundation and a number of food bank and children's charities.

Young Enterprise

A number of team members within our head office and stores have continued to support students in schools or colleges within their local communities in conjunction with Young Enterprise, a charitable organisation that creates and develops programmes that complement the school experience with business skills and encourages young people to realise the extent of their own talents. Our volunteering has taken the form of providing classroom support, mentoring students to create their own businesses and participating in Young Enterprise regional board meetings.

2.2 OUR HEALTH & SAFETY

Big Yellow recognises the importance of maintaining high standards of Health and Safety for everyone who may be affected by our business, such as our customers, staff, contractors and other visitors to our stores. The Group's Health and Safety Committee reviews its Policy, risk assessments, performance and records on a quarterly basis. The Policy is applied in two distinct areas – our construction activities and our routine store operations. The Committee meet to discuss any issues that have been reported from meetings held at our head office, Maidenhead (our distribution warehouse), the stores and any construction sites. 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 and ensure compliance with the Policy in respect of Construction via the Construction Director and store operations, via the Facilities Manager. Externally, other interested stakeholders include the Health and Safety Executive (HSE) and Local Government.

The Health and Safety Committee minutes are distributed to the CEO, CSR Manager, Human Resources Manager, Facilities Management and our external health and safety consultant. The external consultant reviews our Policy and performs audits of our stores on a rolling programme, to ensure the implementation of the Group's Health and Safety policies. Any actions recommended by our consultant are considered by the Committee and, if required, then implemented into the operations or construction systems. Health and Safety Audits are also carried out by external consultants on each construction site prior to the opening of a store.

Our Health and Safety reporting covers all of our stores, our head office, Maidenhead and our 'Fit-out' construction sites. Incidents are recorded for staff, customers, contractors and visitors. The Board receives reports which monitor Health and Safety performance in all these areas. Annual Store Health and Safety Meetings take place for all stores and Maidenhead. Agendas are provided for these meetings by the Facilities team and the minutes are reviewed by Area Managers to raise any issues with Facilities or Human Resources, where necessary.

Health and Safety performance and incidents are reported in the tables below:

2.2.1 Big Yellow Store Customer, Contractor and Visitor Health and Safety

Store customer, contractor and visitor Health & Safety

Year	2012	2013	2014	2015	**2016**
Number of customer move-ins during the year	57,604	65,807	72,772	75,097	**75,438**
Number of minor injuries	43	34	31	50	**58+**
Number of reportable injuries (RIDDOR)	–	3	3	4	**4+**
RIDDOR* per 100,000	–	4.6	4.1	5.3	**5.3**

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

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

2.2.1 Big Yellow Store Customer, Contractor and Visitor Health and Safety (continued)

The number of customer move-ins increased this year by 0.5%. There were a total of 62 incidents, four of which were sustained by customers and were reportable. One reportable incident (by a contractor) was reported by the contractor directly to the HSE. Minor injuries included breaks, cuts and bruises from the handling of customer possessions, equipment and vehicles. The 58 minor injuries occurred while customers (on the whole) handled possessions, bins and pallets. This year our staff training schedules provided customers with fire, health and safety risk assessments, which raised awareness of the potential for personal injuries. 12 minor injuries were due to visitor deliveries, involving minor cuts and bruises from doors and pallet handling. There were no Fatal Injuries, Notices+ or Prosecutions during the year ended 31 March 2016.

2.2.2 Big Yellow Staff

Store and head office staff health and safety Year ended 31 March	2012	2013	2014	2015**	**2016**
Average number of staff	279	286	289	300	**318+**
Number of Minor Injuries	11	15	13	15	**10+**
Number of Reportable Injuries ("RIDDOR")*	–	3	1	1	**1+**
Annual Injury Incidence Rate ("AIIR") /100,000 staff	–	1,049	346	333	**314+**

+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.
* AIIR = (Number of staff reportable injuries / Average number of staff (x 100,000).
** The Armadillo stores are not included in the scope of Health and Safety Data for 2016. All historic data has been restated to reflect this.

Big Yellow staff numbers increased by 6% and there was a reduction in Minor Injuries from 15 to 10. The Minor Injuries were cuts and bruises relating to waste disposal, and the handling of boxes and pallets. There was one Reportable Injury involving a work related fork lift truck incident. Overall, the Annual Injury Incidence Rate decreased by 5.7%, against a store staff increase. Store staff were also involved in assisting customers in completing fire, health and safety training risk assessment questionnaires. There were no Fatal Injuries, Notices+ or Prosecutions during the year ended 31 March 2016.

2.2.3 Big Yellow Construction

Big Yellow's new store at Enfield was opened at the start of the year and during the year our Cambridge store was fitted out for self storage. 14 existing stores also had internal storage partition extension works carried out.

Construction fit-out contractors and visitor health and safety Year ended 31 March	2012	2013	2014	2015	**2016**
Number of total Man Days	6,511	610	3,315	3,005	**6,560**
Number of Minor Injuries	1	–	2	1	**3**
Number of Reportable Injuries (RIDDOR)	–	–	–	–	**–**

The number of Man Days worked was more than double the previous year, mainly due to the Fit Out of our newly acquired Cambridge building. Three minor injuries and eight near misses were recorded, with high safety standards being maintained. The Cambridge site was also managed under the Considerate Constructors Scheme (CCS) which promotes high standards of health and safety management. No Fatal Injuries, Notices, Reportable Injuries or Prosecutions occurred, indicating a well-controlled environment for staff, contractors and visitors. Health and Safety performance continues to be reviewed in preparation for our next new store development at Guildford in 2016.

At Cambridge a new storage facility was provided after the extensive refurbishment of a former warehouse, located adjacent to a well-established retail park close to the city centre. Under the CCS Big Yellow Construction was rated 'Excellent' for 'Securing Everyone's Safety' and scored 'Very Good' ratings in: 'Valuing the Workforce', 'Respect for the Community', 'Protecting the Environment' and 'Caring about site Appearance'.

A limited level of assurance is provided for select Health and Safety performance data. This assurance was undertaken by Deloitte LLP in accordance with the International Standards on Assurance Engagements 3000 Revised (ISAE 3000).

3.0 ENVIRONMENTAL RESPONSIBILITY

Our CSR Policy sets out how we manage the impact of our business on society and the local environment, to control our risks and manage our opportunities in a sustainable manner.

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, and in order to maintain an efficient and sustainable business for its stakeholders, Big Yellow has continued to commit significant resources to the environmental and social aspects of its storage operations, real estate portfolio, new store developments and site acquisitions.

We report energy use carbon emissions in compliance with the Companies Act and Climate Change Regulation on Reporting Greenhouse Gas ("GHG") Emissions for listed companies. For the detailed application of our report see our 'Basis of Reporting' at: http://corporate.bigyellow.co.uk/csr.

We therefore provide a summary in the Directors' Report of Scope 1 (onsite gas, solar electricity generation and refrigerant use) and Scope 2 (off site power station grid supplied electricity) for carbon dioxide equivalent (CO_2e) emissions. We have used the DEFRA DECC Version 2.1 (2015, Expiry 31 May 2016) conversion factors, for annual GHG emission calculations.

3.1 Energy Use, Efficiency and Reductions from 2011 (Peak Energy Benchmark)

This year we are reporting our key performance indicators and identifying them using the codes from the Global Reporting Initiative (GRI) and the European Public Real Estate Association (EPRA), at the request of some of our stakeholders. A comparable annual 'same store' portfolio electricity use and carbon emission KPI will also be used. Our materiality threshold for energy use is 5% and for carbon emissions is > 1%. A limited level of assurance is provided for our Scope 1 and 2 energy use and GHG emissions. This assurance was undertaken by Deloitte LLP in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000 Revised).

GRI Absolute Electricity Use & Reductions from Peak Energy (Elec-Abs/G4-ENS3) **Year ended 31 March**	2012	2013	2014	2015	**2016**
Electricity use (kWh)	13,588,703	13,153,960	11,688,629	9,643,341	**9,376,085+**
Electric Reductions (%)	(2.4%)	(5.5%)	(16.1%)	(30.7%)	**(32.7%)**

\+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.

Note: 2011 was our peak electricity use benchmark (13,925,217 kWh).

This year continuing electricity efficiency programmes have provided an absolute reduction of 32.7% from our peak use in 2011. Re-lamping with LED, has contributed an extra 2.8% to the annual reduction in 2016.

GRI Absolute Gas Use & Reductions ('Fuels-Abs' F4-EN3) **Year ended 31 March**	2012	2013	2014	2015	**2016**
Gas use (kWh)	742,086	716,508	652,181	602,563	**592,257**
Gas Reductions (%)	–	(3.4%)	(12.1%)	(18.8%)	**(20.2%)**

\+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.

Note: 2012 was peak gas use benchmark.

Gas use for the heating of our eight flexi offices reached a peak in December 2012, due to the coldest winter month since records began. The annual reductions in gas use to 2016 have been mainly due to milder but wetter winters. Flexi-office occupancy variations also reduce heating demand occasionally, but occupancy has been relatively constant, ranging from 82.5% to 87.9%. This year, gas use reduced by 20.2% from the peak use in 2012.

THE QUEEN'S AWARDS FOR ENTERPRISE: SUSTAINABLE DEVELOPMENT 2012

FTSE4Good

CDP DRIVING SUSTAINABLE ECONOMIES

GRESB Green Star 2015

THE SUNDAY TIMES 100 BEST COMPANIES TO WORK FOR 2016

3.1 Energy Use, Efficiency and Reductions from 2011 (Peak Energy Benchmark) (continued)

Total Energy (Electricity and Gas) kWh Use Reductions Year ended 31 March	2012	2013	2014	2015	**2016**
Total Energy Use (kWh)	14,330,789	13,870,468	12,340,810	10,245,904	**9,968,342**
Total Reductions (%)	(1.7%)	(4.9%)	(15.4%)	(29.7%)	**(31.6%)**
*Gas Materiality %	5.2%	5.2%	5.3%	5.8%	**5.9%***

* Gas use materiality in 2016 is 0.9% above the 5% threshold and is just significant for reporting purposes, as a percentage of total gas and electricity kWh use.

Note: 2011 was the year of peak energy use (14,581,234 kWh).

Our combined energy use has reduced by 31.6% our from peak energy use in 2011, mainly due to our investment in motion sensor lighting, energy efficient LED re-lamping and 17 roof top solar electricity installations. Over the last year combined gas and electricity use reduced by 2.7%. Our gas use 'materiality' is 5.9% of total gas and electricity use and remains just above the materiality level (>5%). This is partly due to significant long term annual reductions in electricity use, compared to reductions achieved in gas use.

Energy kWh (Electricity and Gas) Intensity

Energy (Electricity and Gas) Intensity / Occupied Space (m²) (Energy-INT/CRE1) Year ended 31 March	2012	2013	2014	2015	**2016**	% change from peak
Energy (kWh)	14,330,789	13,870,468	12,340,810	10,245,904	**9,968,342**	(31.6%)
Occupancy (m²)	228,356	244,521	263,101	283,732	**304,964**	54.1%
kWh / Occupancy	62.8	56.7	46.9	36.1	**32.7**	(55.6%)
GIFA (m²)	572,194	582,872	582,872	605,419	**621,050**	13.9%
kWh/GIFA (m²)	25.0	23.8	21.2	16.9	**16.1**	(39.7%)

\+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.

Note: 2011 was the Peak Energy Use year (14,581,234 kWh / 197,884 = 73.7 kWh/occupancy m²; GIFA 545,490 m² and 26.7 kWh/GIFA).

As our annual energy use reduced, and customer occupancy increased, energy intensity per occupied space reduced by 55.6% from our peak energy benchmark in 2011. In the year ended 31 March 2016, energy use per occupied space decreased by 9.4%. Energy use per gross internal floor area has also reduced by 39.7%, as the portfolio has grown and become more energy efficient.

Energy (Electricity and Gas) Intensity / Revenue (Energy-INT/CRE1) Year ended 31 March	2012	2013	2014	2015	**2016**	% change from peak
Energy (kWh)	14,330,789	13,870,468	12,340,810	10,245,904	**9,968,342**	(31.6%)
Revenue (£000)	65,663	69,671	72,196	84,276	**382**	63.8%
kWh / £ Revenue	0.22	0.20	0.17	0.12	**0.10**	(58.3%)

\+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.

Note: 2011 was the Peak Energy Use year (14,581,234 kWh / 61,885,000 = 0.24 kWh / £ Revenue).

Energy use intensity per annual revenue decreased by 58.3% from the peak energy benchmark in 2011 and reduced by 16.7% in the year ended 31 March 2016.

3.2 Mandatory Greenhouse Gas (GHG) Emissions Statement – Summary

The ISAE 3000 Standard provides an evaluation of both quantitative and qualitative aspects of our carbon management. We report our absolute gross energy use for our wholly owned stores, our head office in Bagshot, and our packing materials warehouse in Maidenhead. Our environmental report does not include any of the 16 Armadillo stores, in which the Group has a 20% interest.

Our new store openings at Enfield and Cambridge were completed this year.

This year our key performance indicators are identified using GRI and EPRA codes, at the request of some of our stakeholders. The year ended 31 March 2011 is our peak energy use and carbon emission benchmark year, due to a previous period of increased energy use due to new store openings and increased occupancy.

Our combined energy use has reduced by 31.6% from our peak energy use in 2011, mainly due to our investment in motion sensor lighting, energy efficient LED re-lamping and 17 roof top solar electricity installations.

Scope 1 GHG emissions from our real estate portfolio

Scope 1 GHG emissions originate from eight on site, natural gas heated flexi office units within our stores. On site use of refrigerant replacement, for air conditioners in all stores, is also included. Refrigerant use for cooling store reception areas is only topped up when required.

Scope 1 Flexi Office Stores Gas Heating Emissions (GHG-Dir-Abs) Year ended 31 March	2012	2013	2014	2015	**2016**	% change from peak
Gas Use (kWh)	742,086	716,508	652,181	602,563	**592,257**	(20.2%)
Emission (tCO_2e)	137.8	133.0	120.0	111.5	**109.2+**	(20.8%)

+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.

Note: 2012 was our peak year for gas use and emissions.

Greenhouse gas emissions from gas heating systems have reduced by 20.8% since our peak emission in 2012, the coldest winter since records began (England and Wales). Since 2012 there has been a succession of milder winters and a reduction in gas use of 20.2%. Flexi Office customer occupancy has remained relatively constant over this time period.

Scope 1 Refrigerant Replacement and Emissions Year ended 31 March	2012	2013	2014	2015	**2016**	% change from peak
Refrigerant Use (Kg)	2.8	66.5	112.4	11.92	**7.3**	(93.5%)
Emissions (tCO_2e)	4.3	286.3	354.8	20.6	**13.5+**	(96.2%)

+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.

Note: 2014 was the peak year for refrigerant replacement and carbon emissions.

Refrigeration systems are used in air conditioning units for cooling store reception areas and some offices. Cooling systems are monitored and 'replacement' or 'top up' refrigerant is ordered when required to maintain an efficient working environment. This year one store area and one office required 'top up', amounting to a total of 7.3 kg of refrigerant. This was equivalent to 13.5 tCO_2e GHG emissions and a significant reduction since our peak refrigerant use in 2014.

Scope 1 Direct Gas and Refrigerant GHG Emissions Year ended 31 March	2011	2012	2013	2014	2015	**2016**	% change from peak
Total Scope 1 (tCO_2e)	121.5	142.1	419.3	474.8	132.1	**122.7+**	(74.2%)

+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.

Note: 2014 was the peak year for Total Scope 1 Emissions.

Corporate Social Responsibility Report (continued)

Scope 1 GHG emissions from our real estate portfolio (continued)

Total Scope 1 gas and refrigerant greenhouse gas emissions in 2016 reduced to 122.7 tCO_2e, similar to the low 2011 emission levels. This represents a 74.2% reduction from our peak use in 2014, due to less heating gas use and less refrigerant 'top up' required in air conditioning units, following significant replacements in 2013 and 2014.

Scope 1 Onsite Direct 'Self Supply' Solar: Grid Electricity Displaced, Export, Income and Savings Year ended 31 March	2011	2012	2013	2014	2015	**2016**
Solar Generation (kWh)	107,074	134,297	208,807	285,832	314,068	**358,279+**
Total Grid Savings (£)*	31,439	41,540	74,724	100,468	106,607	**115,216**
Solar % of Grid (kWh)	0.8%	1.0%	1.6%	2.4%	3.3%	**3.8%**

\+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.
* Total Grid Savings = Solar kWh payments from energy companies + Grid kWh displacement (rate of 9p per kWh).

Our 'onsite' roof mounted solar panel generation supplies low carbon electricity to 17 stores and provides an increasing source of energy for the Group. Solar electricity generation this year was 358,279 kWh; an increase of 14.1% on last year's generation. Big Yellow has generated a total of 1,408,357 kWhs of solar electricity since 2011. About 30-40% of the solar electricity generated is exported to the National Grid. Total 'Feed in Tariff' revenue from energy company payments and 'off grid' savings totalled £115,216 this year and has saved £469,994 since 2011. In 2016, solar electricity generation contributed 3.8 % of our total store electricity use.

Scope 2 Offsite 'Grid Supplied' Electricity Use, GHG Emissions and Tax Reductions

Our electricity supply from 'off site' power stations (Scope 2 Energy) provided around 95% of our total annual energy supplied, in the year ended 31 March 2016.

Scope 2 Electricity, GHG Emissions and CCL Tax Reductions (GHG-Indir-Abs) Year Ended 31 March	2012	2013	2014	2015	**2016**	% change from peak
Electricity (kWh) use	13,588,703	13,153,960	11,688,629	9,643,341	**9,376,085+**	(32.7%)
Emissions (tCO_2e)	6,143	6,051	5,207	4,776	**4,333.5+**	(35.9%)
Electricity Cost (£)*	1,345,276	1,456,266	1,236,905	1,131,048	**1,072,896**	(27.3%)
CCL Tax (p/kWh)	0.509	0.524	0.541	0.554	**0.559**	30%
CCL Tax (£)	69,167	68,927	63,236	53,424	**52,412**	(12.5%)

\+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.
* Grid electricity cost excluding VAT and including CCL Tax 2011, was 0.430 p/kWh or £59,878).

Note: 2011 was the peak electricity use (13,925,217 kWh/6,758 tCO_2e) and cost (£1,476,266) benchmark for future reductions.

Electricity use has reduced by 32.7% and Scope 2 GHG emissions have reduced by 35.9% since our peak electricity use in 2011. In the last year electricity use has reduced by 2.8% and GHG emissions have reduced by 9.3%. These reductions are partially due to decreases in the electricity emission factor since last year, our continued investments in energy efficient LED re-lamping and larger capacity roof top solar installations at our new stores.

Our annual average carbon emission reduction over the last five years has been 7.2% per year; double what the commercial property sector requires to meet the UK Government's GHG emissions reduction target of a 34% reduction by 2020 (or 3.5% per year to 2050). Our energy efficiency investment programmes have achieved an electricity cost reduction of 27.3% since 2011. Although the CCL Tax on electricity has increased from 0.430p/kWh (2011) to 0.559p/kWh (2016), an increase of 30%, we have managed to reduce our CCL Tax by 12.5% since 2011.

Absolute and 'Like for Like' Electricity and tCO_2e 'Like for Like' Reductions

GRI and EPRA standards (G4-EN3 / Elec-LFL) Year ended 31 March	2015	2016	Reductions (%)
'Abs' Electric (kWh)	9,643,341	**9,376,085+**	(2.8%)
'LFL' Electric (kWh)*	9,504,542	**8,821,059**	(7.2%)
tCO_2e**	4,698	**4,077**	(13.2%)

\+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.
* Not including: Head Office; Distribution Depot; new build stores (Enfield and Cambridge) & acquisition stores (Oxford 2 and Chester).
** kWh conversion factor 2015 = 0.49426; kWh conversion factor 2016 = 0.46219.

The 'Like for Like' store portfolio over the last two financial years, excluding non-store buildings (Head Office and Distribution Depot), new stores (Enfield and Cambridge) and store acquisitions (Oxford 2 and Chester), has been assessed. The data indicates that the 'same store' electricity use reduced by 7.2% (absolute reduction of 2.8%).

Climate Change Act 2008; 'Carbon Reduction Commitment' ("CRC") Annual Tax Reporting

The Department of Energy and Climate Change ("DECC") and the Environment Agency ("EA") are stakeholders in the policy for reducing energy demand from large private sector organisations.

CRC Carbon & Tax Reductions Year end 31 March	2011	2012	2013	2014	2015
Total tCO_2*	7,608	7,521	7,598	6,415	5,408
Reduction in tCO_2 (%)	–	(1.1%)	(0.1%)	(15.7%)	(28.9%)
Tax Rates (£/tCO_2)	12.00	12.00	12.00	12.00	16.40
Tax Payments (£)	91,296	90,252	91,176	76,980	88,691
Tax Reductions (%) **	–	(1.1%)	(0.1%)	(15.7%)	(2.9%)

* tCO_2 Grid supplied electricity, gas and self-supplied solar PV electricity.
** Reductions in CRC Tax from 2011 peak energy use.

Note: 2016 CRC emissions and tax will be reported in June 2016.

The CRC Tax on emissions from our use of electricity, gas and self-supplied solar electricity generation rose from £12.00/tCO_2 to £16.40 in 2015, and will continue to rise to £18.30 in 2019. Under the CRC Tax scheme, our total tCO_2 emissions reduced by 28.9%, but our CRC Tax reduction from 2011 to 2015 was 2.9%, due to a 26.8% increase in the 2015 Tax rate. Big Yellow has further plans to invest in external energy efficient lighting; solar 'roof top' installations and accurate solar performance monitoring to manage costs and savings efficiently, until the merger of the CRC Tax with the 'Climate Change Levy' is confirmed in 2020.

This year we disclose our 'Scope 2' (Off site) power station electricity use and emissions, as our most 'material' energy use by 'Dual Reporting'. This is to compare the difference in our 'location based' (National Grid) and 'market based' (British Gas Electricity supply) emissions. The table below shows that carbon dioxide emissions that are 'Location Based' are almost double the 'Market Based' conversion factor (tCO_2). This is because the British Gas 'Fuel Mix Disclosure' for electricity generation is based on a lower carbon mix of: 33% natural gas; 31% nuclear energy; 23% renewables; 11% coal; and 2% of 'other fuels'. This disclosure raises consumer awareness of the lower carbon content of 'market based' emissions as well as cost.

'Duel' Carbon Reporting – Scope 2 Electricity Conversion Factors 2016

Electricity Supply Basis	Electricity Use & Conversion Factors	Carbon Emissions
National Grid 'Location Based'	9,376,085+ kWh x 0.4585	4,299 tCO_2
British Gas 'Market Based'	9,376,085 kWh x 0.2400	2,250 tCO_2

\+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.

Note: Electricity Market Supplier Conversion Factors (CFs) BG (2015-2016).

Corporate Social Responsibility Report (continued)

Total Scope 1 and 2 Emissions

In the year ended 31 March 2016, total Scope 1 and Scope 2 GHG emissions achieved a reduction of 35.2% from peak energy use in 2011, exceeding last year's 28.7% reduction.

Total GHG Emission Reductions (tCO_2e) (GHG-Dir-Abs and GHG-Indir-Abs) Year ended 31 March	2011	2012	2013	2014*	2015	2016	% change from peak
Scope 1 Totals	121.5	140.6	419.0	474.8	132.0	**122.7+**	(74.2%)
Scope 2 Totals	6,758.0	6,143.0	6,051.0	5,207.0	4,776.0	**4,333.5+**	(35.9%)
Total (tCO_2e)	6,879.5	6,283.6	6,470.0	5,681.8	4,908.0	**4,456.2+**	(35.2%)

\+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.
* Peak emissions for Scope 1.

2011 was the Peak emissions and benchmark year for long term performance assessment for Scope 2

These reductions were mainly due to Scope 2 supplied electricity emissions. Our energy use strategy aims to reduce emissions, annual energy costs and carbon taxation by proportional percentages. It has also created an income from energy company payments for generation and exporting excess electricity to the Grid from our solar electricity generation investments.

Scope 1 emissions from our stores represent only 2.8% of our combined Scope 1 and 2 emissions. In the year ended 31 March 2016, less refrigerant replacement was required for the third year in succession and the type used had a lower GHG emission conversion factor, resulting in a significant reduction in GHG Emissions from our peak refrigerant replacement in 2015. GHG emissions from flexi office gas heating are also indicating a constant reduction in tCO_2e in the year ended 31 March 2016, due to milder but wetter winters since 2012.

GHG Emission Intensity (Scope 1 and 2)

Our key emission "intensity" indicators are based on annual growth using customer occupancy and revenue and gross internal floor area ("GIFA").

Scope 1 and 2 GHG Emission Intensity / Occupied Space And Revenue (GHG-Int) Year ended 31 March	2011	2012	2013	2014	2015	2016	% change from peak
Total (tCO_2e)	6,879.5	6,283.6	6,470.0	5,681.8	4,908.0	**4,456.2+**	(35.2%)
Occupancy (m^2)	197,884	228,356	244,521	263,101	283,732	**304,964**	54.1%
$kgCO_2e$ /Occy.	34.8	27.5	26.5	21.6	17.3	**14.6+**	(58.0%)
Revenue (£000)	61,885	65,663	69,671	72,196	84,276	**101,382**	63.8%
$kgCO_2e$/£ Rev.	0.11	0.10	0.09	0.08	0.06	**0.04+**	(63.6%)
GIFA (m^2)	545,490	572,194	582,872	582,872	605,419	**621,050**	13.9%
$kgCO_2e$ /GIFA m^2	12.6	11.0	11.1	9.7	8.1	**7.2+**	(42.9%)

\+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.

Note: Peak GHG emissions year is 2011.

From our peak GHG emissions in 2011, emissions per customer occupied space have reduced by 58.0% and by 63.6% per revenue. GHG emission intensity per our store portfolio gross internal floor area has reduced by 42.9%. Our future GHG carbon reduction programme is to invest in external LED re-lamping and solar electricity generation investments where viable. More store specific energy saving opportunity scheme (ESOS) have also been programmed for future years.

Extending our landscaping to green walls and roofs is environmentally beneficial. These features allow excess rainwater to be absorbed, helps moderate the temperature of the local environment, provides habitat for local wildlife and is more aesthetically appealing – softening the landscape.

3.3 Long Term Energy Electricity Management Scope 2 GHG Emission Targets and Reductions

The Climate Change Act (2008) has set a national target to reduce GHG emissions by 34% by 2020 and we aim to achieve this target. As part of the UK commercial property sector, Big Yellow has been reducing its energy use by energy efficient and renewable energy technology since its first electricity peak use in 2008.

Scope 1 and 2 GHG Emission Reductions and Targets (%) From 2008 Year ended 31 March	2008	2009	2010	2011	2012	2013
tCO_2e	6,487*	6,383	6,287	6,880*	6,284	6,470
% reductions	–	(1.6%)	(3.1%)	6.1%	(3.1%)	(0.3%)

Scope 1 and 2 GHG Emission Reductions and Targets (%) From 2008 Continued Year ended 31 March	2014	2015	**2016**	2017***	2018	2019	2020
tCO_2e	5,682	4,908	**4,456+**	–	–	–	–
% reductions	(12.4%)	(24.3%)	**(31.3 %)**	(33.7%)	(36.0%)	(38.3%)	(40.4%)

\+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.

* 2011 peak electricity use due to occupancy growth.

Note: 2008 peak use due to new store development and occupancy growth.

We have been achieving a 4.5% annual average reduction of GHG emissions from 2008 to 2016. From 2017, we will adopt the UK commercial property sector 'Real Estate Environmental target' of a 3.5% annual GHG emission reduction to align with the Government's 2050 goal. To achieve this target our future programmes of re-lamping stores externally with energy efficient lighting is planned to begin in the year ending 31 March 2017. Additional investment in roof mounted solar installations at our new and existing stores is also proposed for the year ending 31 March 2017. We will also use our 'Energy Saving Opportunity Scheme' (ESOS) report to implement other energy efficiency investments where we consider they are appropriate.

Corporate Social Responsibility Report (continued)

Big Yellow Store Portfolio Asset Certifications

This year we are reporting some of our key performance indicators and identifying them using the codes from the Global Reporting Initiative (GRI) and the European Public Real Estate Association (EPRA). This is at the request of some of our stakeholders, to assess sustainable development performance.

Number of Certified Assets (EPRA 'Cert-Tot' and GRI 'CRE8') Total Number of EPC and BREEAM Certificates and Ratings

No.	Store	Energy Performance Certification (EPCs)	Building Research Establishment Environmental Assessment Methodology ("BREEAM") Certification	Gross Internal Floor Area (GIFA) m²
1	Balham	B	–	8,361
2	Barking	A	–	8,360
3	Birmingham	C	–	8,361
4	Bromley	B	–	9,867
5	Camberley	A	–	8,849
6	Cambridge	B	–	7,264
7	Chiswick	B	–	10,678
8	Chester	E	–	8,179
9	Ealing	B	–	7,887
10	Edinburgh	D+	–	8,779
11	Eltham	C	–	9,793
12	Enfield	B	BREEAM 'Excellent' (75.5%)	8,367
13	Fulham	B	–	19,370
14	Gypsy Corner	B	–	9,707
15	High Wycombe	B	–	8,431
16	Kennington	B	–	9,339
17	Liverpool Edge Lane	C	–	8,361
18	Merton	B	–	9,755
19	New Cross	B	–	8,623
20	Nottingham	C	–	9,058
21	Oxford	D	–	4,266
22	Poole	C	–	7,386
23	Reading	A	BREEAM 'Excellent' (76.7%)	8,640
24	Richmond	B	–	4,855
25	Sheen	B	BREEAM 'Excellent' (76.1%)	8,919
26	Sheffield Bramall Lane	B	–	8,361
27	Sheffield Hillsborough	B	–	8,361
28	Stockport	B	–	8,288
29	Sutton	B	–	9,755
30	Twickenham	A+	–	10,591
	"Green" stores	30	BREEAM covers 25,926 m² across three stores	258,924 m²
71	**Total**	**42% Certified**	**4.2% of Portfolio**	**621,050 m²**

Energy Performance Certification ('EPC') Legislation

As owners of property who lease space to members of the public, we were required to display EPCs to our customers from 1st October 2008. Certification is required at new store openings, store acquisitions and when solar panels are retrofitted onto older stores. We have provided 30 EPCs to date in our stores, representing 42% of the portfolio. Of the stores certified 73% have high 'A' or 'B' ratings, mainly due to energy efficient internal LED re-lamping and investment in low carbon electricity, heating and cooling 'self-supply', such as solar and ground source heat pump installations. Considering that the whole portfolio has internal energy efficient LED lighting, apart from a few recent acquisitions, we are comfortable that the pre-October 2008 stores will at least achieve the EPC 'B' rating in the future, when the opportunity arises.

Building Research Establishment Environmental Assessment Methodology ('BREEAM')

BREEAM certification is sometimes a local planning requirement for our stores, especially for new developments in high density urban environments. The methodology assesses impacts and opportunities for enhancing the design and construction environmental aspects. The certification includes a review of new store energy, sustainable building materials, water efficiency, waste recycling and ecology. The review also includes social aspects of the building life include its resource management, health, well-being, modes of transport and pollution reduction. Our BREEAM ratings are mainly 'Excellent' scoring in the 75 – 76% range and highest in the areas of land use and ecology; transport; waste; pollution; and energy efficiency.

4.0 SCOPE 3 – VOLUNTARY SUPPLY CHAIN GHG EMISSIONS

Scope 3 supply chain emissions represent GHG emissions during electricity supplier transmission and distribution to our stores.

Scope 3 – Electricity Supply and Distribution GHG Emission Losses Year ended 31 March	2011	2012	2013	2014	2015	**2016**	% change from peak
Electric (kWh)	13,925,217	13,588,703	13,153,960	11,688,629	9,643,341	**9,376,085+**	(32.7%)
Scope 2 (tCO_2e)	6,758	6,143	6,051	5,207	4,776	**4,333+**	(35.9%)
Scope 3 (tCO_2e)	544	525	501	445	417	**355**	(34.7%)
Total (tCO_2e)	7,302	6,668	6,552	5,652	5,193	**4,688**	(35.8%)

+ Indicates data reviewed by Deloitte LLP. See page 54 for their independent assurance report.

Note: Peak energy use and benchmark year was 2011.

Note: Transmission and Distribution Conversion Factor 2016 (0.03816).

Our energy efficiency programmes within our stores have reduced electricity demand and emission from our supplier's power stations. Total transmission and distribution losses have reduced by 35.8% since 2011, compared to a 28.9% reduction last year.

Scope 3 – Store Waste Supply Chain Recycling and Landfill GHG Emissions (Waste-Abs) Year ended 31 March	2011	2012	2013	2014	2015	**2016**
Waste Recycling (t)	266	263	259	265	273	**296**
Landfill waste (t)	37.3	36.8	34.6	37.0	38.2	**58.9**
Landfill GHG tCO_2e*	10.8	10.7	10.0	10.7	11.0	**17.0**

* 2016 Landfill gas conversion factor = 0.2892.

Waste generation in self storage is assessed as a "low environmental impact". The majority of non-hazardous bulk office waste is segregated by our staff and then further recycling by our waste contractor for paper and cardboard takes place after collection. This year 296 tonnes of waste was recycled and 58.9 tonnes went to landfill. Landfill GHG emissions are estimated to be 17.0 tCO_2e. These emission levels represent a negligible percentage of our combined Scope 1 and 2 emissions and are below the materiality threshold for future carbon emission reporting.

New Store Construction 'Fit-Out' Waste Management Performance (Waste-Abs) Year ended 31 March	2011	2012	2013	2014	2015	**2016**
Tonnage	147.5	152.3	12.9	78.9	14.5	**13.6**
Waste Recycled (%)	93.2	96.0	100	95	100	**92.8**
Plasterboard Recycled (%)	100	34.0	–	100	100	**100**

In October 2015, our new Cambridge store 'Fit Out' contractors recycled 92.8% of our waste (13.6 tonnes) as follows: hard-core and brick (41%); wood (31%); plastic (11%); metals (9%); card/paper (3%); polythene (2%); bagged waste (2%); and plasterboard (1%). All of our new stores sign up to the 'Considerate Constructors Scheme' and achieve Energy Performance Certification (EPC) 'B' rating with LED lighting as standard and roof top solar installations installed where viable.

Water use has been assessed as a "low environmental impact" for self storage (usage of 28,486 m3). Our data has provided an average of (20.3 tCO_2e) emissions per year. This represents less than 0.5% of combined Scope 1 and 2 emissions, which is below the materiality threshold for carbon emissions. Water use monitoring is continued in order to review water use efficiency.

5.0 STAKEHOLDERS

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

Government Legislation and Standards

EU Energy Efficiency Directive; 'The UK Energy Savings Opportunities Scheme' ("ESOS")

We appointed an accredited Assessor, measured all of our energy consumption and determined significant areas of use. ESOS was enforced by the Environment Agency ("EA") and involved the audit of four representative stores from our portfolio. We assessed future energy savings, other than the technologies that we had already programmed and invested in. We completed the audits in November 2015, before the December deadline, and have considered changes to our future budget for investing in viable energy saving technologies as a result.

Investor Communications

The Carbon Disclosure Project ("CDP") 2016

The CDP is a global initiative by investors designed to encourage companies (and their suppliers) to publish information on their carbon emissions and climate change strategies, as a measure of their carbon emissions reduction efficiency.

The CDP Performance and Number of Investors

Year	2010	2011	2012	2013	2014	2015
Disclosure Score	65/100	–	67/100	71/100	85/100	93/100
Performance Score	B	–	C	D	B	C
Number of investors	534	–	655	722	799	884
Annual increase in investors	–	–	–	10.2%	10.7%	10.6%

Our 'Disclosure Scores' have improved from 2010 to 2015, as we achieved 93/100 for 'reporting transparency' in 2015. Our latest survey (to be submitted in June 2016) will provide an update with more detail addressing 'Climate Change Performance'. The 'C' Band performance was the average for 'Financials' in 2015. Big Yellow's 'number of investors' has also increased year on year by approximately 10%.

The Global Real Estate Sustainability Benchmark ("GRESB") 'Green Star Status'

GRESB collects information regarding the sustainability performance of property companies and funds. This includes information on performance indicators, such as energy efficiency, GHG emission, water and waste reductions. The Survey also covers broader issues such as sustainability risk assessments, performance improvement, and engagement with employees, customers, suppliers and local communities. GRESB continued to rate Big Yellow with a 'Green Star Status' in 2015. In Europe (and globally) we were ranked with sustainability scores in the top quartile of 'management and policy' and 'implementation and measurement'. The benchmark results allow us to identify the areas where we can improve, both in absolute terms and relative to our peers. We are able to provide our existing and potential investors with information regarding our environmental and social governance performance, in the current real estate investment market.

6.0 CSR PROGRAMME FOR THE YEAR ENDING 31 MARCH 2017

Big Yellow will continue to focus on its most significant environmental and financial aspects of its business impact, energy use and carbon emissions. Energy efficiency and low carbon supply programmes have been trialled and have been implemented since 2008. We will review and consider further energy reduction strategies within our store operations for carbon and financial savings. For the year ahead our programmes, objectives and targets are highlighted in the table below.

CSR Strategy	Programme	Objectives From 2011 Benchmark
GHG Emission Reduction	Assess new and acquired stores within the portfolio for efficient LED re-lamping internally and externally.	External store lighting programmed for LED re-lamping in the year ending 31 March 2017.
CRC	Review potential tax reduction as tCO_2 tax rate increases.	Implement more specific ESOS advice.
Increase Solar Energy generation, revenue and savings	Solar installations to increase with new build portfolio growth, acquisitions and existing retro-fit stores.	Solar installation on new build Guildford store and two retrofit installations on Colchester and Eltham stores.
FTSE4 Good Investor Governance positioning	Provided data on the Big Yellow website to update research requests on our supply chain, labour standards and the 'Modern Slavery Act'.	Maintain membership within the FTSE4 Good Index series ratings and engaging with researchers.
CDP Communications	Use our annual carbon performance data in the CDP survey 2015 to improve our ratings.	To increase and maintain our high performance and interest form a wider range of investors.
GRESB	Maintain our upper quartile ranking scores in 'management and policy' and 'implementation and measurement'.	Strengthen and maintain the leading 'Green Star' position in the GRESB upper quadrant.
Health and Safety	Continually maintain and improve high standards of recording and reporting customer, staff, visitor, and contractor incidents.	Invest in continued training and awareness of staff in routine health and safety policy, procedures, management and reporting.
Staff and CSR awareness	Continue raising CSR awareness through area staff presentations and internal communications.	Regular staff meetings and information bulletins on CSR progress and 'Climate Change'.

More details of CSR policies, previous reports and awards can be found on our investor relations website at http://corporate.bigyellow.co.uk/csr.aspx

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Assurance statement

Independent assurance statement by Deloitte LLP ('Deloitte') to Big Yellow Group plc ('Big Yellow') on their Corporate Social Responsibility Report 2016 ("Report")

What we looked at: scope of our work

Big Yellow engaged us to perform limited assurance procedures on selected Group level corporate social responsibility (CSR) performance indicators for the year ended 31 March 2016. The assured data are indicated by the + symbol in the Report.

Carbon footprint indicators:

- Store electricity (tCO_2e)
- Store flexi-office gas emissions (tCO_2e)
- Refrigerant emissions (tCO_2e)
- Absolute carbon dioxide emissions (tCO_2e)

Store electricity use, CO_2 emissions and carbon intensity:

- Electricity use (kWh)
- Absolute carbon emissions (tCO_2e)
- Carbon intensity ($kgCO_2e/m^2$ gross internal area)
- Carbon intensity ($kgCO_2e/m^2$ occupied space)
- Carbon intensity ($kgCO_2e$/£ revenue)

Renewable energy generation and CO_2 emissions reductions:

- Total renewable energy (kWh)
- Renewable energy percentage of total store use (%)

Staff health and safety:

- Average number of employees
- 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, as noted above, have not been prepared, in all material respects, in accordance with Big Yellow's definitions and basis of reporting.

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 Revised (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. This standard requires that we comply with the independence and ethical requirements and to plan and perform our assurance engagement to obtain sufficient appropriate evidence on which to base our limited assurance conclusion. 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: http://corporate.bigyellow.co.uk/csr.aspx

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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 data for the assured performance data included in the Report. We did not test back to source data; and
- Reviewing the content of the 2016 CSR Report against the findings of our work and making recommendations for improvement where necessary.

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 2016. 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
23 May 2016

Directors, Officers and Advisers

Executive Directors

Nicholas Vetch, aged 55, 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 sold to Grantchester Properties plc in 1998. He is also a Non-Executive Director of Local Shopping REIT plc.

James Gibson, aged 55, Chief Executive Officer and co-founder of Big Yellow Group PLC in September 1998. He is a Chartered Accountant by background 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 sold to Grantchester Properties plc in 1998. He is also a Non-Executive Director and shareholder of AnyJunk Limited, a Non-Executive Director and investor in Moby Self Storage, a Brazilian Self Storage start-up, and a Trustee of the London Children's Ballet.

Adrian Lee, aged 50, 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 38, 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. He is a Director of the UK Self Storage Association.

Non-Executive Directors

Tim Clark, aged 65, 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 the Chair of Water Aid UK, and a Senior Adviser to G3, and to Chatham House. He is also 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, is the Senior Independent Director and is Chairman of the Remuneration and Nomination Committees.

Richard Cotton, aged 60, Non-Executive Director, headed the real estate corporate finance team at JP Morgan Cazenove until April 2009, and subsequent to that was a Managing Director of Forum Partners. Richard is currently the Chairman of Centurion Properties and a Non-Executive Director of Helical Bar plc as well as a Member of the Commercial Development Advisory Group of Transport for London. Richard joined the Board in July 2012.

Georgina Harvey, aged 51, Non-Executive Director, started her media career at Express Newspapers plc where she was appointed Advertising Director in 1994. She joined IPC Media Ltd in 1995 and went on to form IPC Advertising in 1998, where she was Managing Director. She was a member of the Board of IPC Media from 2000 and was Managing Director of the Regionals division of Trinity Mirror from 2005 to 2012, overseeing its transition to a digital platform. She is currently a Non-Executive Director of William Hill plc and of McColl's Retail Group plc. She joined the Board in July 2013.

Steve Johnson, aged 52, 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 TPG, and was also the Executive Chairman of Dreams plc between July 2011 and October 2012. He is currently Executive Chairman of Poundworld. He joined the Board in September 2010.

Mark Richardson, aged 59, 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 trustee of the Natural History Museum Development Trust, a trustee of WWF-UK, and he is also a trustee and treasurer of the children's communication charity ICAN. He was appointed to the Board in July 2008 and is chairman of the Audit Committee.

Company Secretary and Registered office

Shauna Beavis
2 The Deans
Bridge Road
Bagshot
Surrey
GU19 5AT

Company Registration No. 03625199

Bankers

Lloyds Bank plc
HSBC Bank plc
Aviva Commercial Finance Limited
M&G Investments Limited

Solicitors

CMS Cameron McKenna LLP
Lester Aldridge LLP

Financial advisers and stockbrokers

J P Morgan Cazenove

Independent Auditor

Deloitte LLP
Chartered Accountant and Statutory Auditors

Valuers

Cushman & Wakefield LLP
Jones Lang LaSalle

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 2016. The Report on Corporate Governance on pages 60 to 63 forms part of this report.

Details of significant events since the balance sheet date are included in note 25 to the financial statements. An indication of likely future developments in the business of the Company is included in the strategic report.

Information about the use of financial instruments by the Company and its subsidiaries is given in note 18 to the financial statements.

Dividends

The Directors are recommending the payment of a final dividend of 12.8 pence per share for the year (2015: 11.3 pence per ordinary share). An interim dividend of 12.1 pence per share was paid in the year (2015: 10.4 pence per share).

A property income dividend of 18.1 pence is payable for the year, of which 12.1 pence per share was paid with the interim dividend, and 6.0 pence per share was proposed for the final dividend.

Subject to approval by shareholders at the Annual General Meeting to be held on 22 July 2016, the final dividend will be paid on 28 July 2016. The Ex-div date is 16 June 2016 and the Record date is 17 June 2016.

From April 2016 dividend tax credits will be replaced by an annual £5,000 tax-free allowance on dividend income across an individual's entire share portfolio. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of the dividends paid by Big Yellow Group PLC and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability. This change was announced by the Chancellor, as part of the UK government Budget, in July 2015.

Disclosure of Greenhouse Gas ("GHG") Emissions
Companies Act 2006; Climate Change, the GHG Emissions Director's Reports Regulations 2013

From October 2013, all listed companies are required to report annual quantities of GHG emissions (measured as Carbon Dioxide Equivalent (CO_2e)) as follows:

> **Scope 1** – significant direct emission sources, such as our flexi-office gas heating and air conditioner coolant replacement - currently fit out 'gas oil' use emissions and one Company van diesel fuel use emissions are assessed as 'not material';.
> **Scope 2** – significant indirect or offsite power station electricity supply emissions to our stores; and
> **Scope 3** – Electricity supplier 'transmission and distribution' emissions – currently, voluntary GHG emissions, from our waste and water supply chains are not assessed as material.

Summary of Scope 1 and 2 Total Carbon Footprint (GHG carbon equivalent emissions (tCO_2e))

Including store electricity, gas, coolant, generator gas oil and van diesel

Year	2011	2012	2013	2014	2015	**2016**
Total Scope 1 and 2 GHG Emissions (tCO_2e)	6,879.5	6,283.6	6,470.0	5,681.8	4,908.0	**4,456.2**
Scope 3 Electricity Transmission Losses	544	525	501	445	417	**355**
Kg CO_2e / Annual Revenue (£)	0.11	0.10	0.09	0.08	0.06	**0.04**
Kg CO_2e / Customer Occupancy (m^2)	32.0	26.0	26.5	22.6	17.3	**14.6**
Kg CO_2e/GIFA m^2	12.6	11.0	11.1	9.8	7.7	**7.2**

Note: Our materiality threshold for carbon emissions is > 1%

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

Capital structure

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 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 Corporate Governance 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 60.

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. 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 732,302 shares to satisfy the exercise of share options (2015: 641,877).

Directors

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

Tim Clark Senior Independent Director

Richard Cotton	Non-Executive Director
James Gibson	Chief Executive Officer
Georgina Harvey	Non-Executive Director
Steve Johnson	Non-Executive Director
Adrian Lee	Operations Director
Mark Richardson	Non-Executive Director
John Trotman	Chief Financial Officer
Nicholas Vetch	Executive Chairman

Biographical details of the Executive and Non-Executive Directors standing for re-election are set out on page 56.

Directors' indemnities

The Company purchases liability insurance covering the Directors and officers of the Company and its subsidiaries.

Political contributions

No political donations were made by the Company in either the current or preceding financial year.

Substantial shareholdings

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 at 31 March 2016 and 23 May 2016.

	No. of ordinary shares 31 March 2016	Percentage of voting rights and issued share capital 31 March 2016	No. of ordinary shares 23 May 2016	Percentage of voting rights and issued share capital 23 May 2016
Cohen & Steers Inc	15,363,236	9.8%	14,812,547	9.4%
Old Mutual Plc	9,922,701	6.3%	9,873,313	6.3%
Blackrock Inc	9,220,257	5.9%	9,055,671	5.8%
Wellington Management Company	4,667,674	3.0%	7,317,607	4.7%
Standard Life Investments	5,983,778	3.8%	5,983,778	3.8%
PGGM Investments	5,380,776	3.4%	5,380,776	3.4%
State Street Global Advisors Limited	4,990,101	3.2%	4,774,575	3.0%

The interest of the Directors in the share capital of the Company is shown on page 77 of the Remuneration Report.

Purchase of own shares

The Company was granted authority at the AGM in 2015 to purchase its own shares up to a total aggregate value of 10% of the issued nominal capital. That authority expires at this year's AGM and a resolution will be proposed for its renewal. During the year the Company made no purchases of its own shares.

Employee consultation

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.

Employees are encouraged to participate in the Group's performance through Employee Share Schemes and performance related bonuses. 39% of eligible employees participate in the Group's Sharesave Scheme.

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.

Disabled employees

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.

Human Rights

Big Yellow respects Human Rights and aims to provide assurance to internal and external stakeholders that we are committed to human rights and the principles of the Universal Declaration of Human Rights.

We are committed to creating and maintaining a positive and professional work environment that reflects and respects the basic rights of freedom to lead a dignified life, free from fear or want, and where stakeholders are free to express their independent beliefs. Our employment policies and practices reflect a culture where decisions are made solely on the basis of individual capability and potential in relation to the needs of the business.

Modern Slavery Act

The Group is committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our Anti-slavery Policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains. Our policy is published in full on our website.

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.

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
Company Secretary
23 May 2016

Corporate Governance Report

INTRODUCTION

The Company is committed to the principles of corporate governance contained in the UK Corporate Governance Code that was issued in 2014 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.

At Big Yellow, we aim to create a culture in which integrity, openness and fairness are rewarded.

We continue to review the composition of the Board to ensure that it has the appropriate skills, knowledge and balance for the effective stewardship of the Company. There have been no changes to the composition of the Board in the year.

The Board has overall responsibility for the manner in which the Company runs its affairs.

Statement of compliance with the Code

Throughout the year ended 31 March 2016, the Company has been in compliance with the Code provisions set out in section 1 of the 2014 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 Nominations Committee Report, the Remuneration Report and the Audit Committee Report.

LEADERSHIP

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed.

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:
  - takes overall responsibility for the composition and capability of the Board; and
  - consults regularly with the Chief Executive and is available on a flexible basis for providing advice, counsel and support to the Chief Executive.
- the Chief Executive:
  - manages the Executive Directors and the Group's day-to-day activities;
  - prepares and presents to the Board strategic options for growth in shareholder value;
  - sets the operating plans and budgets required to deliver agreed strategy; and
  - ensures that the Group has in place appropriate risk management and control mechanisms.

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.

EFFECTIVENESS

Composition of the Board

The Nominations Committee is responsible for reviewing the Board Composition, and makes recommendations to the Board on the appointment of Directors. There are five independent Non-Executive Directors on the Board, with Tim Clark being the Senior Independent Director. The Company complies with the Combined Code in that at least half of The Board is comprised of independent Non-Executive Directors.

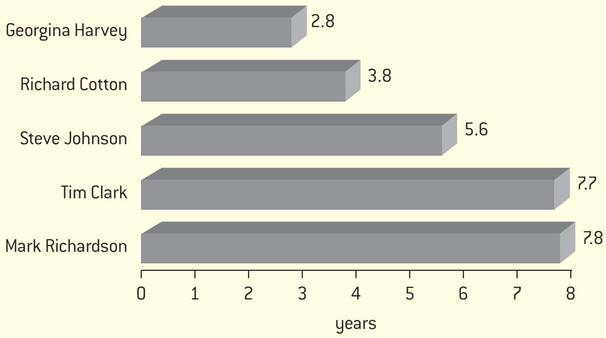
All of the Non-Executive Directors bring considerable knowledge, judgement and experience to Board deliberations. Non-Executive Directors do not participate in any of the Company's share option or bonus schemes and their service is non-pensionable. The Non-Executive Directors are encouraged to communicate directly with Executive Directors between formal Board meetings. The Non-Executive Directors meet at least once a year without the Executive Directors being present.

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.

EFFECTIVENESS (continued)

Composition of the Board (continued)

The tenure of the independent Non-Executive Directors at 31 March 2016 is set out below:



THE BOARD AND ITS COMMITTEES

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.

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.

The Chairman of each Committee reports the outcome of the meetings to the Board. The Company Secretary is secretary to each Committee.

Attendance at meetings of the individual Directors at the Board Meetings that they were eligible to attend is shown in the table below:

Director	Position	Number of meetings attended
Tim Clark	Non-Executive Director	●●●●●●
Richard Cotton	Non-Executive Director	●●●●●●
James Gibson	Chief Executive Officer	●●●●●●
Georgina Harvey	Non-Executive Director	●●●●●●
Steve Johnson	Non-Executive Director	●●●●●●
Adrian Lee	Operations Director	●●●●●○
Mark Richardson	Non-Executive Director	●●●●●●
John Trotman	Chief Financial Officer	●●●●●●
Nicholas Vetch	Executive Chairman	●●●●●●

● attended
○ absent

Adrian Lee missed one meeting due to an unavoidable diary conflict.

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.

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 Executive monthly and a detailed Board pack is distributed 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 auditor 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 Executive Directors made visits to all of the Group's stores.

ACCOUNTABILITY

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.

GOING CONCERN

The Group's activities, and a fair review of the business, are included in the Strategic Report on pages 14 to 28. The financial position of the Group, including its cash flow, liquidity, and committed debt facilities are discussed in the Financial Review on pages 29 to 37.

The Directors have a reasonable expectation that the Group and Company have adequate resources to continue operations for the foreseeable future. They have therefore continued to adopt the going concern basis in preparing the financial statements.

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 and the Netherlands. During the year ended 31 March 2016, the Chief Executive and other Executive Directors carried out 168 meetings with UK and overseas institutional shareholders and potential investors. These meetings comprised group and individual presentations and tours of our stores.

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.

Report of the Nominations Committee

Introduction

The Committee is responsible for reviewing the Composition of the Board. It also makes recommendations for membership of the Board and considering succession planning for Directors. The Committee is also responsible for evaluating Board and Committee performance.

Committee members and attendance

Member	Position	Number of meetings attended
Tim Clark	Chairman and Senior Independent Director	●
Richard Cotton	Member	●
Georgina Harvey	Member	●
Steve Johnson	Member	●
Mark Richardson	Member	●

● attended
○ absent

The Nominations Committee is responsible for reviewing the structure, size and composition 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.

Board performance evaluation

In 2014, the Board engaged Lomond Consulting to undertake an evaluation of the performance of the Board and its Committees. The aim was to seek to identify areas where the performance and the procedures of the Board may be improved. The scope of the review was agreed between the Chairman of the Committee and the Chief Executive.

Each Director completed a questionnaire on the performance of the Board, its Committees and the Chairman. The responses were anonymous to enable an open and honest sharing of views. Lomond Consulting then produced a report showing the results of the review. The Board has committed to carry out an external performance evaluation every three years. In the intervening years the Board undertakes an evaluation of its own performance and that of its Committee and its individual members, with reference to the most recent external evaluation of its performance. The Board intends to carry out an external evaluation of its performance during the year ending 31 March 2017.

During the current year, the Executive Chairman evaluated the performance of the other 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.

Succession planning

The Board comprises a team of four Executive Directors, two of whom were co-founders of the Company, complemented by Non-Executive Directors who have wide business experience and skills as well as a detailed understanding of the Group's philosophy and strategy. Continuity of experience and knowledge, particularly of self storage, within the executive team is particularly important in a focussed long-term business such as Big Yellow.

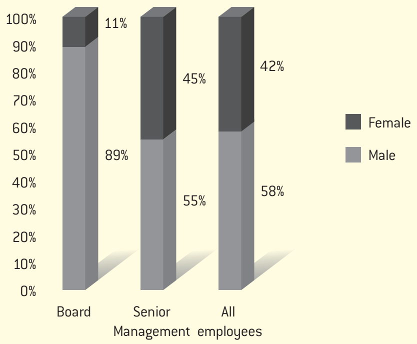
It is a key responsibility of the Committee to advise the Board on succession planning. The Committee ensures that any future changes in the Board's composition are foreseen and effectively managed. In the event of unforeseen changes, the Committee ensures that management and oversight of the Group's business and long-term strategy will not be affected.

The Committee also addresses the development and continuity of the Senior Management team below Board level.

Policy on diversity

All aspects of diversity, including gender are considered at every level of recruitment. All appointments to the Board are made on merit. The Board's policy states that the Board seeks a composition with the right balance of skills and diversity to meet the demands of the business. The Board considers it is important to increase the representation of women on the Board, and intends to increase the proportion of women on the Board in the medium term but does not consider that quotas are appropriate and has therefore chosen not to set targets. Gender diversity of the Board and Company is set out below (senior management are defined to be Heads of Department):

	Male	Female	Total
Board	8	1	9
Senior Management	6	5	11
All employees	207	151	358



Directors standing for re-election

All of the Directors will retire in accordance with the UK Corporate Governance Code and will offer themselves for re-election at the Annual General Meeting.

Following a performance appraisal process, the Board has concluded that the Directors retiring by rotation are effective, committed to their roles and operate as effective members of the Board.

The Board, on the advice of the Committee, therefore recommends the re-election of each Director standing for re-election. Full biographical details of each Director are available on page 56.

Tim Clark
Nominations Committee Chairman

INTRODUCTION

This report is on the activities of the Remuneration Committee for the period from 1 April 2015 to 31 March 2016. It sets out a summary of the Directors' Remuneration Policy ("the Policy") which was approved by shareholders in July 2015 and remuneration details for the Executive and Non-Executive Directors of the Company. It has been prepared in accordance with Schedule 8 of the Large and Medium-size Companies and Groups (Accounts and Report) Regulations 2013 (the "Regulations").

The report is divided into three main areas:

- the annual statement by the Remuneration Committee Chairman;
- the summary of the approved Policy; and
- the annual report on Directors' remuneration.

The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on Directors' remuneration that are subject to audit are indicated in the report. The annual statement by the Remuneration Committee Chairman and the summary of the approved Remuneration Policy are not subject to audit.

ANNUAL STATEMENT BY THE REMUNERATION COMMITTEE CHAIRMAN

Dear Shareholder,

I am very pleased to present the Directors' Remuneration Report for the year ended 31 March 2016. This report has been prepared by the Remuneration Committee and approved by the Board.

Business conditions and Group performance in the year ended 31 March 2016

The business conditions and performance of the Group in the year ended 31 March 2016 are described more fully in the Chairman's Statement and the Operating and Financial Review of this Annual Report. In summary:

- the business of the Group performed strongly;
- in an improving economic environment, Big Yellow remained the clear UK brand leader in self storage and delivered occupancy, cash flow and earnings growth for the seventh year in a row;
- revenue, cash flow and adjusted profit before tax increased by 20%, 31% and 24% respectively;
- like-for-like occupancy was increased by 3.5 ppts;
- the capital structure has been further strengthened with interest cover of 6.2 times;
- the Group acquired land for development in key strategic locations in London; and
- dividends are being increased by 15%.

Policy on executive remuneration

The policy of the Company is to ensure that the executive remuneration packages are designed to attract, motivate and retain Directors of high calibre and reward the Executive Directors for protecting and enhancing value for shareholders.

I am pleased that shareholders overwhelmingly approved the Directors' Remuneration Policy ("the Policy") put forward at the July 2015 AGM which aimed to achieve these objectives. The remuneration decisions made by the Committee in the last year were informed by these principles and conformed with the Policy. The Policy aims to provide:

- remuneration to the Directors which is fair to the Directors both generally and in the context of the remuneration of other staff of the Company and the returns to shareholders; and
- a balance of short and long term incentives which provide a strong link between reward and individual and Group performance to align the interests of the Executive Directors with the interests of shareholders.

The Committee believes that the success of the remuneration policy is reflected in the length of service, stability and strong performance of the Executive Director team. Two of the Executive Directors were founders of the Company while the other two have been Executive Directors for 17 years and nine years respectively. The Executive Directors have significant interests in the shares of the Company, each in excess of two times base salary which is the Company's shareholding guideline for Executive Directors. The Executive Directors are interested in shares comprising approximately 9% of the share capital of the Company (including unvested share incentives held).

The Committee will continue to carry out periodic reviews of the Policy to ensure its relevance in light of changes to the business and wider market and will seek shareholder approval for any amendments. Having said that, the Committee does not intend to make any revisions at the 2016 AGM, to the Policy approved in 2015.

A summary of the approved Policy is provided in the Directors' Remuneration Policy section of the Directors' Remuneration Report and the full Policy is available online http://corporate.bigyellow.co.uk/investors/governance/remuneration-policy.aspx

Remuneration changes during the year

All of the changes in remuneration in the year ended 31 March 2016 were within the Policy.

Within the aggregate figure for Executive Director remuneration, the changes during the year were:

- *Base salary*: increased by £30,000 (3%) – of which the main change was an increase in the salary of one Director to reflect his progress in the role, the other increases were 2%, in line with increases provided to staff
- *Taxable benefits*: increased by £1,000 (5%)
- *Annual bonus*: was 12% of salary for the year (being in line with the average for all staff of the Company, and compared to 12.5% for the prior year) and reduced by £1,000 (1%).
- *Pension contributions*: increased to 15% of base salary. This change, coupled with the increase in base salaries, led to an overall increase in pension contributions of £52,000 (55%).
- *Sharesave Scheme*: one Director's Sharesave scheme vested in the year producing a gain of £14,000 (2015: two Directors' Sharesave Schemes vested producing a gain of £31,000 in total)
- *Long term incentives*:
  - the 2012 award of shares granted under the LTIP vested as to 100% (representing a total gain of £1,959,000). As in the previous year, each of the Executive Directors was granted an award equal to 100% of base salary subject to performance conditions. The value of these awards was £985,000 – an increase of £30,000 (3%) ; and
  - awards were made under the 2015 Long Term Bonus Performance Plan ("LTBPP") in the year of £4.43 million (2015: no awards). The Remuneration Committee reviewed the performance targets for the year and concluded that the awards under the Plan have provisionally vested at 90% in respect of the year ended 31 March 2016. There are a further two years performance on which the LTBPP is assessed before any awards vest.

In considering the relative importance of the spend on pay (see page 79):

- **Total employee pay**: increased by 15%, largely due to the acquisition of Big Yellow Limited Partnership in December 2014 (and amounted to £15.1 million)
- **Profit distributed by way of dividend**: increased by 31% (and amounted to £36.4 million)
- **Retained profit for the year**: decreased by 3% (and amounted to £75.6 million)

More details of the remuneration of the Directors in the year ended 31 March 2016 are set out in the Annual Report on Remuneration section of the Remuneration Report.

AGM

I hope that, at the Annual General meeting in July, you will support the advisory resolution on the remuneration paid to the Directors in the last financial year set out in the Annual Remuneration Report section of this Remuneration Report.

Tim Clark
Chairman of the Remuneration Committee

REPORT ON DIRECTORS' REMUNERATION POLICY

This section of the Remuneration Report contains a summary of the Company's Directors' Remuneration Policy ("the Policy") which governs the Company's approach to remuneration. The Policy was approved by shareholders at the Company's AGM in July 2015 and is applicable for a period of three years, unless shareholder approval is sought within that period to amend the Policy.

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.

The Committee deals with all aspects of remuneration of the Executive Directors including:

> setting salaries;
> agreeing conditions and coverage of annual incentive schemes and long term incentives;
> policy and scope for pension arrangements;
> determining targets for performance related schemes;
> scope and content of service contracts; and
> deciding the extent of compensation (if any) on termination of service contracts.

The Committee's members are currently Tim Clark (Committee Chairman), Richard Cotton, Georgina Harvey, Steve Johnson and Mark Richardson.

The Remuneration Committee's Terms of Reference are available on the Company website. The Committee met three times during the year.

Summary of the Directors' Remuneration Policy ("the Policy")

The main components of the Policy and how they are linked to and support the Company's business strategy are summarised below.

The full policy which was approved by shareholders in July 2015 is available on the Company's website at www.corporate.bigyellow.co.uk/investors.aspx. This includes details of policy regarding target setting; remuneration arrangements for new appointments; payments for loss of office; and other matters.

Element	Operation of element
Salary, Benefits and Pension To provide a level of fixed compensation that can attract and retain talent required to successfully deliver on our business strategy.	Salaries are reviewed annually and typically set on 1 April after considering the salary levels in companies of a similar size and complexity in the FTSE 250. When considering any increases to base salaries in the normal course (as opposed to a change in role or responsibility), the Committee will take into consideration: > level of skill, experience, scope of responsibilities and performance; > business performance, economic climate and market conditions; > increases provided to Executive Directors in comparable companies; and > pay and employment conditions of employees throughout the Group, including increases provided to staff; and > inflation. Our overall policy is normally to target salaries at close to (but generally below) median levels. Base salaries are intended to increase in line with inflation and general employee increases in salary; higher increases may applicable if there is a change in role, level of responsibility or experience or if the individual is new to the role. The level of benefits provided is reviewed annually to ensure they remain market competitive. Benefits currently include: private fuel, private medical insurance, permanent health insurance and life assurance. The maximum contribution to an Executive Director's pension or salary supplement is 20% of gross basic salary. Executive Directors currently receive a contribution of 15% of salary.
Annual bonus To provide cash awards which aligns reward to key Group strategic objectives and drives short-term performance.	Maximum opportunity of 25% of salary with 10% of salary payable at target and 0% payable at threshold. Payments are directly linked to store performance which is measured based on occupancy growth and net contribution, customer satisfaction and store standards.
Long Term Incentive Plan ("LTIP") To align Executive Directors' interests with those of shareholders and rewards value creation.	LTIP maximum grant is 100% of salary per annum with grants normally made at the maximum. Awards will vest at the end of a three year performance period subject to: > EPS (70% of award) which provides a link to earnings growth and value creation in the Company; and > Relative TSR (30% of award) which provides a link to delivering returns in excess of companies in the FTSE Real Estate Index. The LTIP contains clawback and malus provisions.

Summary of the Directors' Remuneration Policy ("the Policy") (continued)

Element	Operation of element
Long Term Bonus Performance Plan To ensure that the total remuneration package is more competitive, supports the Company's strategy and its ability to react to changing economic and business circumstances.	The total maximum incentive value awarded across all four Executive Directors will not exceed 4 x 450% of base salary (over a three year performance period); however each individual will have the potential to be awarded a maximum of 675% of base salary (so long as the total maximum is not exceeded). Vesting depends on an annual assessment of performance (over three years but reviewed annually) against a series of financial and non-financial targets aligned with the annual business plan. The value accrued to participants may be subject to clawback if subsequent performance reflects adversely on achievement of the targets. The LTBPP also contains malus provisions. A further holding period will apply to 50% of the award, such that 25% will be released one year after vesting, and the remaining 25% will be released two years after vesting, so that the full release of vested entitlements takes place over five years. Within the constraints of business confidentiality, performance measures for each year are disclosed in the corresponding Annual Report on Remuneration – the information for this year can be found on page 74.
Sharesave Scheme To encourage share ownership by all employees.	This HMRC approved scheme allows employees to align their interests with those of investors and also to share in the long-term success of the Company. The annual allowance for investing in the Sharesave scheme is £6,000.
Shareholding policy Ensures that Executive Directors' interests are aligned with shareholders' over a longer time period.	Requirement to build and maintain a holding of at least 200% of salary in shares of the Company, through retaining at least 50% of shares vesting in share plans if this guideline has not been met.
Non-Executive Director Fees Provides a level of fees to support recruitment and retention of Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring the Group's strategic objectives.	Fee levels are normally reviewed annually in March and are set at broadly median levels for comparable roles at companies of a similar size and complexity within the FTSE250. Fees are intended to rise in line with inflation. The fees may be paid in the form of shares.

Illustrations of application of the Policy

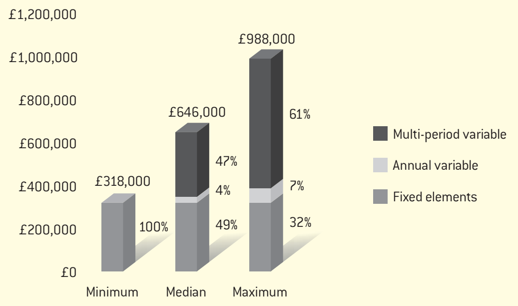
The graph below seeks to demonstrate how pay varies with performance for the Executive Directors based on the Policy approved by shareholders. This is based on pay for the year ending 31 March 2017.

Element	Description
Fixed	Total amount of salary, pension and benefits.
Annual variable	Money or other assets received or receivable for the reporting period as a result of the achievement of performance conditions that relate to that period (i.e. annual bonus payments).
Multiple period variable	Money or other assets received or receivable for multiple reporting periods as a result of the achievement of performance conditions over a given period under the LTIP and LTBPP. For the purposes of these charts, the LTBPP is represented by one-third of the potential vesting as it is granted once every three years. This provides a better comparison from year to year and against other companies.

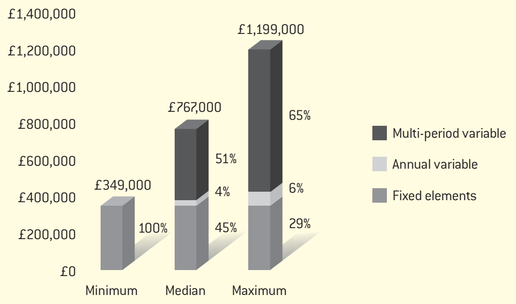
Assumptions used in determining the level of pay out under given scenarios are as follows:

Element	Description
Minimum	Fixed pay only (no variable payments under annual bonus and Company's LTIP or LTBPP).
On-target	40% of annual bonus award being paid (ie 10% of basic salary), 50% vesting of the LTIP and 50% vesting of the annualised value of the three year LTBPP.
Maximum	100% of annual bonus award being paid (ie 25% of basic salary) and 100% vesting of the LTIP, one-third of 100% vesting of the three year LTBPP.

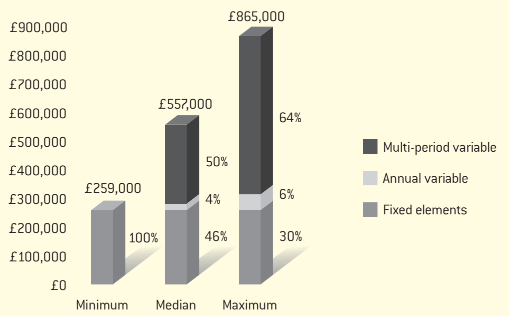
Executive Chairman



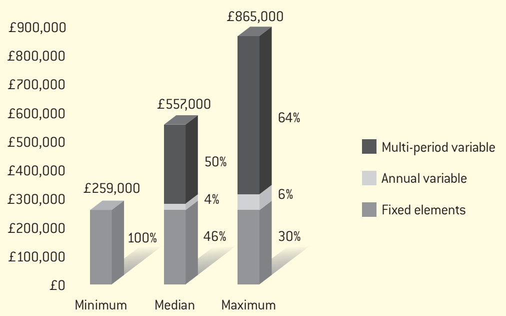
CEO



Operations Director



CFO



Consideration of shareholders' views

The Group is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the reasons for that voting will be sought and any actions in response will be detailed here. There have been no significant issues raised by shareholders in respect of remuneration in the year.

The table below shows the advisory vote on the 2015 Remuneration Report and the binding vote on the Remuneration Policy at the AGM held on 21 July 2015.

	Votes for	%	Votes Against	%	Votes withheld
2015 Remuneration Report	120,266,913	98.00	2,459,349	2.00	2,463,155
2015 Remuneration Policy	124,032,466	99.22	979,331	0.78	177,620

The views of our shareholders are very important to us and the Remuneration Committee considers shareholder feedback received in relation to the AGM each year at its first meeting following the AGM. This feedback, as well as any additional feedback received during any other meetings with shareholders throughout the year, is then considered as part of the Company's annual review of remuneration policy.

The Remuneration Committee notes that shareholders do not speak with a single voice, but we engage with our largest shareholders to ensure we understand the range of views which exist on remuneration issues. When any material changes are proposed to the Policy, the Remuneration Committee chairman will inform major shareholders in advance, and will offer a meeting to discuss these.

This policy report was approved by the Board of Directors on 23 May 2016 and signed on its behalf by

Tim Clark
Remuneration Committee Chairman

ANNUAL REPORT ON REMUNERATION

This section of the Remuneration Report contains details of how the Directors' Remuneration Policy ("the Policy") was implemented during the year ended 31 March 2016. Note that the whole Annual Report is not subject to Audit – the regulations specify individual sections of this report which are required by the Regulators to be subject to audit are:

- Single figure table and notes;
- Scheme interests awarded during the financial year;
- Payments to past Directors;
- Payments for loss of office; and
- Statement of Directors' shareholding and share interests.

Single total figure of remuneration

The table below sets out the single total figure of remuneration and breakdown for each Executive Director paid in the year ended 31 March 2016. The figures have been calculated in accordance with the remuneration disclosure regulations (The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013).

	Salary £		Taxable benefits £		Annual bonus £		Long term incentives £		Pensions £		Sharesave Scheme £		Total £	
Year ended 31 March 2016	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Nicholas Vetch	**264,500**	259,300	**4,081**	3,960	**31,740**	32,412	**548,680**	1,071,925	**39,675**	25,930	**–**	–	**888,676**	1,393,527
James Gibson	**290,100**	284,400	**4,681**	4,676	**34,812**	35,550	**601,738**	1,403,224	**43,515**	28,440	**13,965**	–	**988,811**	1,756,290
Adrian Lee	**215,000**	210,600	**4,041**	3,765	**25,800**	26,325	**404,353**	952,137	**32,250**	21,060	**–**	15,250	**681,444**	1,229,137
John Trotman	**215,000**	200,000	**2,227**	1,866	**25,800**	25,000	**404,353**	952,137	**32,250**	20,000	**–**	15,250	**679,630**	1,214,253
Total	**984,600**	954,300	**15,030**	14,267	**118,152**	119,287	**1,959,124**	4,379,423	**147,690**	95,430	**13,965**	30,500	**3,238,561**	5,593,207

Taxable benefits comprise medical cover, permanent health insurance, life insurance and private fuel usage. James Gibson receives a cash supplement in lieu of pension contributions.

The value shown in long term incentives in the current year is the LTIP award granted in 2012 which vested on 11 July 2015 to 100% of its maximum value and is valued using the share price on that date of 651.5p. The award granted for 2016 is 100% of salary for each Executive Director.

The average salary increase across the Group in the year was 2%. The Executive Directors increases were also 2%, with the exception of John Trotman (7.5%). The salary increase for John Trotman reflects the previously explained strategy of the Committee to bring his salary in line with Adrian Lee's salary, which has been achieved as of the year to 31 March 2016. Future increases for John Trotman are expected to be in line with the increases provided to other Executive Directors.

The value shown for the Sharesave Scheme is the value of the shares under option at vesting less each Director's contributions to the scheme.

Annual Bonus Plan awards

The policy of the Company is that the bonus paid to the Executive Directors is the same as the average of the bonus awards (as a % of salary) paid to the 71 stores on achieving their targets during the course of the year.

In respect of the year under review, the Executive Directors' performance was carefully reviewed by the Committee, in consultation with the Executive Chairman in respect of the other Executive Directors.

The Committee determined that a bonus should be paid to the Executive Directors and therefore a bonus of 12% of salary in the year was made. This is the same as the average of the bonus awards paid to the stores based on their achievement of their targets during the course of the year.

The weighting of the measures in bonus plan for the stores, details of the targets and the process of assessment against these are provided in the table below.

Measure	Weighting	Details
Occupancy and net contribution	70%	> Each store is set a quarterly target for occupancy and net contribution. > The weighting of the contribution of each of these metrics to the bonus varies based on store occupancy, with higher occupied stores having a greater weighting towards their performance against net contribution. > The bonus awarded to each store increases as the store moves further ahead of target. No bonus is awarded if the store fails to meet its target.
Customer satisfaction	20%	> Based on achievement against net promoter score targets set for each store and individual customer service awards achieved for each store.
Store standards	10%	> Based on internal audit compliance score, for which stores receive a bonus if they pass the threshold score of 85%.
Total	**100%**	

The targets for each of the 71 stores have not been disclosed in the table as they are commercially sensitive. The Company provides full retrospective disclosure of the performance measures, targets and performance against targets for the LTBPP which is assessed on an annual basis against targets set in relation to the Group's business plan and Group-wide KPIs. This can be found on page 74.

The performance in the year resulted in a bonus of 12% of salary which equated to the following payments for the Executive Directors:

- Nicholas Vetch – £31,740
- James Gibson – £34,812
- Adrian Lee – £25,800
- John Trotman – £25,800

Long Term Incentive Plan ("LTIP") awards

The awards granted under the LTIP are subject to performance conditions to be met over a performance period of three years. There is no retesting of performance conditions and, if they are not satisfied, the awards will lapse.

The performance conditions applicable to the LTIP which vested in the year are set out below. Vesting is conditional on the achievement of an underpin EPS growth of an average of 3% above RPI per annum. This hurdle was met for the 2012 awards, with average growth in EPS of 16.3%, compared to RPI plus 3% of 6.1%.

The Committee assessed the extent to which the performance conditions have been satisfied for the 2012 award which vested in 2015, with the following results:

Condition	Weighting	Threshold performance required	Maximum performance required	LTIP value for meeting threshold and maximum performance (% salary)	Performance achieved	Vesting %
Relative TSR	100%	Median of comparator group of real estate companies	Upper quartile of the comparator group	25% – 100%	7 out of 34 in comparator group	100%
Total	**100%**					100%

LTIP awards granted in year ended 31 March 2016

The table below sets out the details of the long term incentive awards granted in the year ended 31 March 2016 where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods.

Director	Award type	Awards as a % of salary	Face value of award(1)	Percentage of award vesting at threshold performance	Maximum percentage of face value that could vest	Performance period end date	Performance conditions
Nicholas Vetch	Annual cycle of awards over nil cost options	100% of salary	£264,500	25%	100%	21 July 2018	Adjusted EPS growth and relative TSR
James Gibson			£290,100				
Adrian Lee			£215,000				
John Trotman			£215,000				

(1) The face value of the award is calculated using the average share price three days prior to the grant date.

The performance conditions applicable to the awards granted in the year ended 31 March 2016 are set out below:

Condition	Weighting	Threshold performance required	Maximum performance required	LTIP value for meeting threshold and maximum performance (% salary)	Basis for measurement
Relative TSR	30%	Median of comparator group of real estate companies	Upper quartile of the comparator group	25% to 100%	Average of the Group's closing mid-market share price over the three months preceding the start of the performance period and preceding the end of the performance period will be used.
Adjusted EPS	70%	Adjusted EPS growth of RPI+3% per annum	Adjusted EPS growth of RPI+8% per annum	25% to 100%	The adjusted EPS figure reported in the audited results of the Group for the last complete financial year ending before the start of the performance period and the last complete financial year ending before the end of the performance period will be used.
Total	**100%**				

Between threshold and maximum performance, vesting will take place on a straight-line basis.

Long Term Bonus Performance Plan

The following awards were made during the year under the LTBPP:

Director	Award type	Awards as a % of salary at the time of grant	Face value of award	Percentage of award vesting at threshold performance	Maximum percentage of face value that could vest	Performance period end date	Performance conditions
Nicholas Vetch	Granted every three years, award converts to nil cost options on vesting.	377%	£996,900	0%	100%	31 March 2018	Assessed annually on a basket of measures
James Gibson		496%	£1,440,000				
Adrian Lee		464%	£996,900				
John Trotman		464%	£996,900				

The performance targets for the LTBPP are not disclosed for the year ahead, given the commercially sensitive nature of a number of the targets (which are derived from the Group's business plan). Shortly after the end of each year, the Committee assesses the key targets and the extent to which management has been able to meet these targets for that year and reports on this assessment (excluding any that are still commercially sensitive). The targets are only adjusted during the year if material events occur that necessitate a change to the business plan. The report on the targets for the year ended 31 March 2016 (other than those which remain commercially sensitive) is summarised in the table below:

Objective	Committee Comment
Grow the Group's annual free cash flow for the year to 31 March 2016 to £51.6 million from £42.4 million in the year to 31 March 2015.	The Group's free cash flow for the year to 31 March 2016 was £55.5 million, an increase of 31% from the prior year.
Complete the drawdown of the M&G loan in June and repay the interim Lloyds facility.	The M&G loan was drawn as planned on 29 June 2015 and the interim Lloyds facility repaid on that date. Additionally, in August 2015, the Group completed a further refinancing of the Group bank debt, extending its maturity to October 2020, with an option for a further year, whilst reducing the bank margin by 25bps. The Group also put in place an accordion of £80 million to give the flexibility to fund future expansion through bank debt.
Comply with all banking covenants and maintain a net worth in excess of £750 million.	All banking covenants were complied with during the year. Net worth has grown by £78.5 million to £829.4 million.
Grow the occupancy of the stores open at 31 March 2015 from 73.2% to 78.2% by 30 September 2015, and following the seasonal occupancy loss in the third quarter, recover to this level by 31 March.	The occupancy of the like for like stores at 31 March 2016 was 76.7%, representing growth of 3.5 percentage points from 31 March 2015. The occupancy at 30 September 2015 was 77.3%.
Grow the average net rent per square foot across the wholly owned stores from £25.23 per square foot by 2% to £25.73 by 31 March 2016.	The net rent per sq ft at 31 March 2016 was £25.90, an increase of 2.7% from 31 March 2015.
Meet budgeted revenue (£101.1 million) and profit before tax (£49.0 million) targets.	Revenue for the full year was £101.4 million, and adjusted PBT was £49.0 million, ahead of, and in line with budget respectively.
Maintain the Group's online market share measured against the top 35 self storage operators by Connexity Hitwise, at 35% to 38%.	The Group's average market share over the course of the financial year was 37%. The nearest competitor had a market share of 17% for the year.
Review potential sites (in London and key target towns outside of London) for store acquisition with a view of acquiring at least one new site in the year.	The Group has acquired a site in Kings Cross, which was a key strategic target location. In addition, the Group has acquired a site in Camberwell, which will complement existing stores in Kennington and New Cross.
Construct Cambridge on time and on budget, with the store due to open in January 2016.	The store was constructed on budget, and opened as planned in January 2016.
Obtain a place in the Sunday Times Best 100 Companies to work for.	Big Yellow earned a two star accreditation and ranked 80th in the Sunday Times Best 100 Companies to work for.
Sell the surplus land at Manchester during the year.	The Group sold the surplus land at its Manchester site for £8 million during the year. Discussions are ongoing with the Planning Authority in respect of the Big Yellow store on the remaining land.
Reduce the carbon intensity for the year to 31 March 2016 ($KgCO_2/m^2$ of occupied space) by 5% from the year to 31 March 2015.	Carbon intensity was reduced by 16% for the year to 31 March 2016.

The other targets, covering areas such as real estate, staffing and certain financial 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 concluded that the award in respect of the financial year ended 31 March 2016 has provisionally vested as to 90% of its potential amount for the year.

Sharesave Scheme

The Group's Sharesave Scheme is open to all UK employees (including Executive Directors) with a minimum of six months' service and meets UK HMRC approval requirements, thus giving all eligible employees the opportunity to acquire shares in the Company in a tax efficient manner. Three of the Executive Directors participated in the scheme during the financial year. The details of the Sharesave scheme options are shown on page 77.

Pension entitlements

The Company pays pension contributions into the Executive Directors' personal pension plans or makes a cash contribution in lieu of pension contributions. They do not participate in any defined benefit scheme. For the year ended 31 March 2016, the Company contribution was 15% of salary for the Executive Directors.

Payments to past Directors

No payments of money or any other assets were made to any former Director of the Company in the financial year ended 31 March 2016 (2015: no payments).

Payments on loss of office

No payments were made to any Directors in respect of loss of office during the financial year ended 31 March 2016 (2015: no payments).

Non-Executive Directors

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director paid in the year ended 31 March 2016.

	Fees £		Taxable benefits £		Total £	
	2016	2015	**2016**	2015	**2016**	2015
Tim Clark	**42,800**	41,900	**–**	–	**42,800**	41,900
Richard Cotton	**40,100**	39,300	**–**	–	**40,100**	39,300
Georgina Harvey	**37,600**	36,800	**–**	–	**37,600**	36,800
Steve Johnson	**37,600**	36,800	**–**	–	**37,600**	36,800
Mark Richardson	**40,100**	39,300	**–**	–	**40,100**	39,300
Total	**198,200**	194,100	**–**	–	**198,200**	194,100

Non-Executive Director fees were increased by 2% for the year ended 31 March 2016.

Implementation of the Policy

The main elements of Executive Director remuneration for the year ended 31 March 2016 and the forthcoming financial year are summarised below:

Element	Implementation in 2015/16	Implementation in 2016/17
Base salary	Salary levels for Executive Directors: > Executive Chairman: £264,500 > Chief Executive: £290,100 > Operations Director: £215,000 > Chief Financial Officer: £215,000 Salaries were increased by 2% from the 2014/15 salaries with the exception of Chief Financial Officer who received a 7.5% increase to bring his salary in line with the Operations Director. Increases for the wider employee population were 2%.	Salary levels for Executive Directors: > Executive Chairman: £269,800 > Chief Executive: £296,000 > Operations Director: £219,300 > Chief Financial Officer: £219,300 Salaries were increased by 2% from the 2015/16 salaries. Increases were made in accordance with the Policy. Increases for the wider employee population were 2%.
Benefits and Pension	Contribution of 15% of salary made into Executive Directors personal pension plan, or a cash supplement of equivalent value paid in lieu of pension contribution.	*No change*
Annual bonus	Maximum opportunity of 25% of salary. Assessed on stores' performance against our Key Performance Indicators: > Occupancy and net contribution together represented 70% of the bonus > Customer satisfaction (20%) > Store standards (10%)	*No change* The Committee is of the opinion that further disclosure of targets for the bonus plan are commercially sensitive, and that it would be detrimental to disclose them at this time of the financial year. Performance against the targets will be disclosed at the end of the performance period.

Implementation of the Policy (continued)

Element	Implementation in 2015/16	Implementation in 2016/17
Long Term Incentive Plan	Maximum opportunity of 100% of salary, with grants of 100% of salary for each of the Executive Directors. These awards were granted with the following performance conditions: > 70% adjusted EPS – adjusted EPS growth of RPI+3% for 25% of this element of the award to vest with full vesting occurring for adjusted EPS growth of RPI+8% p.a.; > 30% – relative TSR performance vs. FTSE Real Estate Index with 25% of this element of the award vesting for median TSR comparative performance and full vesting at upper quartile.	*No change*
Long Term Bonus Performance Plan	The following awards as a % of salary were made to the Executive Directors under this plan: > Executive Chairman – 377% > Chief Executive – 496% > Operations Director – 464% > Chief Financial Officer – 464% The assessment of targets for the 2015/16 year end can be found on page 74.	No awards will be made this year as awards are granted every three years.

Non-Executive Directors

Executive	2015/16 fee	2016/17 fee	% increase
Tim Clark	£42,800	£43,700	2%
Richard Cotton	£40,100	£41,000	2%
Georgina Harvey	£37,600	£38,400	2%
Steve Johnson	£37,600	£38,400	2%
Mark Richardson	£40,100	£41,000	2%

Fees retained for external non-executive directorships

The Executive Directors' contracts do not allow them to engage in any other business outside the Group except where prior written consent from the Board 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 The Local Shopping REIT plc for which he receives a fee of £30,000 per annum. James Gibson is a Non-Executive Director of AnyJunk Limited and of Moby Self Storage in Brazil; he does not receive any fees for his services.

Statement of Directors' shareholding

The Executive Directors are required to build and maintain a holding of 200% of base salary. These requirements have been met by all Executive Directors during the year. Non-Executive Directors are not subject to a shareholding requirement. Details of the Directors' interests in shares are set out below (all interests are beneficial interests).

No changes took place in the interests of the Directors in the shares of the Company between 31 March 2016 and the date of this report.

The table below shows, in relation to each Director, the total number of shares and share options in which they have an interest. The LTBPP awards shown in the table below are calculated by reference to the total award value divided by the Company's share price at 31 March 2016.

Director	Share ownership requirement (% of salary)	Share ownership requirements met	Beneficially owned shares	LTIP awards subject to performance conditions	LTBPP awards subject to performance conditions	Unexercised Sharesave options	Options exercised in the financial year
Nicholas Vetch	200%	Yes (25,842%)	9,002,397	148,845	128,715	–	169,064
James Gibson	200%	Yes (7,118%)	2,479,700	163,251	185,926	1,480	217,882
Adrian Lee	200%	Yes (2,383%)	830,435	117,773	128,715	2,960	146,911
John Trotman	200%	Yes (415%)	144,658	115,710	128,715	3,639	146,911
Richard Cotton	N/a	N/a	73,485	–	–	–	–
Mark Richardson	N/a	N/a	27,225	–	–	–	–
Tim Clark	N/a	N/a	18,652	–	–	–	–
Steve Johnson	N/a	N/a	10,000	–	–	–	–
Georgina Harvey	N/a	N/a	13,013	–	–	–	–

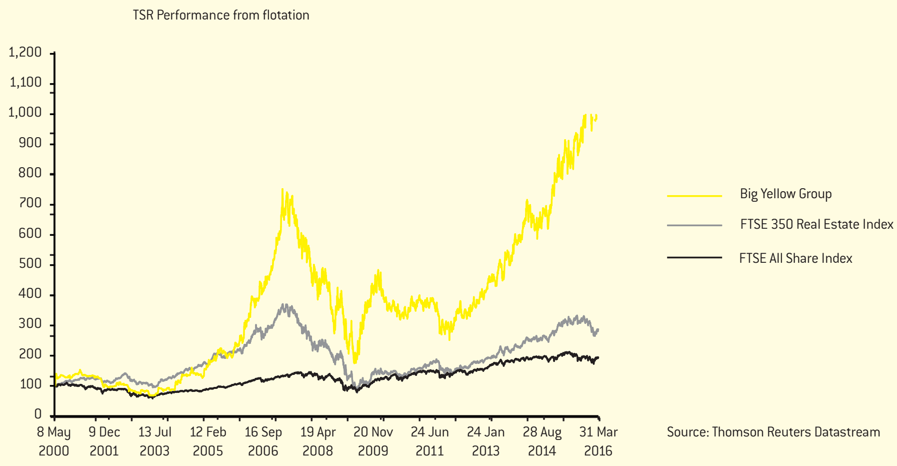
Directors' share options

To provide further context on the shareholding of Directors, options in respect of ordinary shares for Directors who served in the year are as below:

Name	Date option granted	Scheme	No. of shares under option at 31 March 2015	Granted during the year	Exercised during the year	Lapsed during the year	**No. of shares under option at 31 March 2016**	Exercise price	Market price at date of exercise	Date from which first exercisable	Expiry Date
Nicholas Vetch	11 July 2012	LTIP	84,218	–	(84,218)	–	**–**	nil p	704.5p	11 July 2015	10 July 2022
	22 July 2013	LTIP	60,266	–	–	–	**60,266**	nil p	–	22 July 2016	21 July 2023
	29 July 2014	LTIP	50,467	–	–	–	**50,467**	nil p	–	29 July 2017	28 July 2024
	21 July 2015	LTIP	–	38,112	–	–	**38,112**	nil p	–	21 July 2018	20 July 2025
James Gibson	11 July 2012	LTIP	92,362	–	(92,362)	–	**–**	nil p	696.5p	11 July 2015	10 July 2022
	18 March 2013	SAYE	2,965	–	(2,965)	–	**–**	303.5p	774.5p	31 March 2016	1 October 2016
	22 July 2013	LTIP	66,098	–	–	–	**66,098**	nil p	–	22 July 2016	21 July 2023
	29 July 2014	LTIP	55,352	–	–	–	**55,352**	nil p	–	29 July 2017	28 July 2024
	21 July 2015	LTIP	–	41,801	–	–	**41,801**	nil p	–	21 July 2018	20 July 2025
	14 March 2016	SAYE	–	1,480	–	–	**1,480**	608.0p	–	31 March 2019	1 October 2019
Adrian Lee	11 July 2012	LTIP	62,065	–	(62,065)	–	**–**	nil p	696.5p	11 July 2015	10 July 2022
	22 July 2013	LTIP	45,804	–	–	–	**45,804**	nil p	–	22 July 2016	21 July 2023
	29 July 2014	LTIP	40,989	–	–	–	**40,989**	nil p	–	29 July 2017	28 July 2024
	21 July 2015	LTIP	–	30,980			**30.980**	nil p	–	21 July 2018	20 July 2025
	14 March 2016	SAYE	–	2,960	–	–	**2,960**	608.0p	–	31 March 2019	1 October 2019
John Trotman	11 July 2012	LTIP	62,065	–	(62,065)	–	**–**	nil p	696.5p	11 July 2015	10 July 2022
	22 July 2013	LTIP	45,804	–	–	–	**45,804**	nil p	–	22 July 2016	21 July 2023
	29 July 2014	LTIP	38,926		–	–	**38,926**	nil p	–	29 July 2017	28 July 2024
	16 March 2015	SAYE	3,639	–	–	–	**3,639**	494.6p	–	31 March 2018	1 October 2018
	21 July 2015	LTIP	–	30,980	–	–	**30,980**	nil p	–	21 July 2018	20 July 2025

Performance and pay

The graph below shows the Group's performance, measured by TSR, compared with the performance of the FTSE All Share Real Estate Index and the FTSE All Share Index since the Company's flotation in 2000. The FTSE All Share Real Estate Index is used for the assessment of the Company's LTIP.



CEO Remuneration

The table below sets out the details of remuneration of the CEO over the past seven financial years.

Year	CEO single figure of total remuneration (£)	Annual bonus pay out % against maximum of 25% of salary	Long term incentive vesting rates against maximum opportunity %
2016	988,811	48% (12% of salary)	100%
2015	1,756,290	50% (12.5% of salary)	98%
2014	536,262	40% (10% of salary)	53%
2013	335,891	40% (10% of salary)	0%
2012	1,400,570	40% (10% of salary)	89%
2011	325,968	40% (10% of salary)	0%
2010	875,593	40% (10% of salary)	100%

The single figure of remuneration for 2015 and 2012 are higher than in other years due to the vesting of the three year Long Term Bonus Performance Plan in those years delivering a reward of £945,750 (97% vesting) and £900,000 (90% vesting) respectively for the three year period ended in that year.

Percentage increase in the CEO's remuneration

The table below compares the percentage increase in the CEO's remuneration (including salary, fees, benefits and annual bonus) with the remuneration of Big Yellow Group employees.

	% increase in remuneration in 2016 compared with 2015	
	CEO	Employees
Salary and fees	2%	2%
All taxable benefits	0%	1%
Annual bonuses	(2%)	(2%)
Total	2%	2%

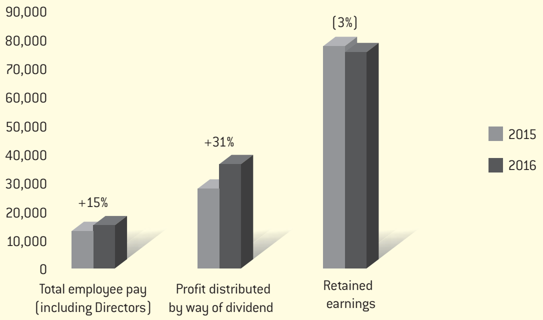
Statement of consideration of employment conditions elsewhere in the Group

The Committee reviews the reward and retention of the whole employee population periodically throughout the year to ensure that it can attract and retain top talent. Particular consideration is given to the general basic salary increase, remuneration arrangements and employment conditions. Furthermore, the Annual Bonus Plan award for Executive Directors is directly linked to the bonuses award to all staff.

The Directors are invited to be present at this review of the proposals for salary increase for the employee population generally and on any other changes to remuneration policy within the Company. The information presented at this review is taken into consideration when setting the pay levels of the executive population. Additionally, the Committee has guidelines for the grant of all LTIP awards across the Company and responsibility for approving the total annual bonus cost of the Company. The Company does not invite employees to comment on the remuneration of Directors.

Relative importance of spend on pay

The graph below sets out the relative importance of spend on pay in the year ended 31 March 2016 and 31 March 2015 compared with other disbursements from profit, being the distributions to shareholders and retained earnings (comprehensive gain for the year less dividends).



Advisers to the Remuneration Committee

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.

The Committee relies upon remuneration data provided by PwC. In addition, PwC has provided advice to the Committee on the preparation of this report as well as on market practice and trends. PwC is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK.

The Committee is satisfied that advice received from PwC during the year was objective and independent.

Adviser	Appointed by	Services provided to the Committee in 2015/16	Fees in relation to remuneration advice
PwC	Remuneration Committee in 2008	Advice on vesting of 2012 LTBPP. Advice on participant documentation for 2015 LTBPP. Support in the drafting of the Directors' Remuneration Report.	£21,000

Audit Committee Report

INTRODUCTION

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.

This year, the Committee has continued to focus on the narrative reporting and corporate governance disclosures in the Annual Report. The Committee was asked by the Board to review the statement by the Directors that the Annual report presents a fair, balance and understandable view of the Group's performance, strategy and business model.

Mark Richardson
Audit Committee Chairman

Committee Members and Attendance

Member	Position	Number of meetings attended
Tim Clark	Member	●●●
Richard Cotton	Member	●●●
Georgina Harvey	Member	●●●
Steve Johnson	Member	●●●
Mark Richardson	Chairman	●●●

● attended
○ absent

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 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.

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 published financial information including the year end results, Annual Report, half year results and the Interim Management Statements;

> considered whether the Annual Report provides a fair, balanced and understandable view of the Group's performance, strategy and business model;

> assessed and concluded on the Group's viability statement;

> 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;

Overview of the actions taken by the Audit Committee to discharge its duties (continued)

- reviewed and agreed the scope of the audit work to be undertaken by the external auditor;
- agreed the fees to be paid to the external auditor for their audit of the March 2016 financial statements and September half-yearly report;
- considered and agreed the approach of performing Directors' valuations of investment properties for the half-year report;
- undertaken an assessment of the qualification, expertise and resources, and independence of the external auditor and the effectiveness of the audit process;
- considered the audit partner and audit firm rotation;
- undertaken an evaluation of the performance of the external auditor;
- considered the need for an internal audit function;
- 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;
- met the Group's external valuers;
- met the Group's Store Compliance Manager;
- reviewed the Audit Committee's Report; and
- reviewed its own effectiveness.

Financial reporting and significant financial judgements

The Committee reviews all financial information published by the Group in year end and half-year financial statements, including the presentation and disclosure of the financial information. It also considers the appropriateness of the accounting policies adopted by the Group and the accounting judgements made by management in the preparation of the financial information.

The Committee has considered whether the Annual Report for the year ended 31 March 2016 provides a fair, balance and understandable view of the Group's performance, strategy and business model and whether it provides the necessary information to enable shareholders and prospective shareholders to assess the Group's performance, strategy and business model. The Committee is satisfied that the Annual Report for the year ended 31 March 2016 provides a fair, balanced and understandable view and included the necessary information as set out above. The Committee has confirmed this to the Board, whose statement is included in the Statement of Directors' Responsibilities on page 83.

The Committee focuses on matters it considers important in their impact on the reported results of the Group, and on matters where there is a high degree of complexity and/or judgement.

The key area of judgement that the Committee focuses on at the reporting date is the valuation of the investment property portfolio. This is carried out by independent external valuers, but by its nature it is subjective, with significant judgement applied to the valuation, particularly given the lack of transactional evidence for prime self storage assets. Members of the Committee met the external valuers to discuss the valuations, review the key judgements and discussed whether there were any disagreements with management. This year the Committee reviewed and challenged the valuers on the cap rates, rental growth assumptions and stabilised occupancy levels, to agree on the appropriateness of the assumptions adopted. The Committee also challenged the valuers, and satisfied itself on, their independence, their quality control processes (including peer partner review) and qualifications to carry out the valuations. Management also have processes in place to review the external valuations. In addition, the external auditors use specialists to review the valuations and report their findings and conclusions to the Audit Committee.

The Committee has also considered a number of other judgements made by management in the preparation of the financial statements. It has concluded that there is not a significant level of judgements involved.

Management have reported to the Audit Committee that they are satisfied that they are not aware of any material misstatements in the financial statements. The auditors confirmed in their report to the Audit Committee that they had not found any material misstatements during their audit work.

Based on the above, the Committee concluded that the financial statements appropriately apply the key estimates and critical judgements, in respect of the disclosures and the amounts reported. The Committee also concluded that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

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.

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 from the external auditor 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.

Annual auditor assessment

The Audit Committee has adopted a formal framework in its review of the effectiveness of the external audit process and audit quality which include the following areas:

- the arrangements for ensuring the external auditor's independence and objectivity;
- the lead audit engagement partner and the audit team;
- the external auditor's fulfilment of the agreed audit plan and variations from the plan;
- the quality of the formal audit report to shareholders;
- 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.

The Committee considers that the relationship with the auditor is working well, and that they are effective in their role, and the audit process is working well with open dialogue and early discussion of judgements. 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.

Non-audit work

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.

In respect of the year ended 31 March 2016, the auditor's remuneration comprised £186,000 for audit work and £113,000 for other work, principally relating to VAT and corporation tax work. In addition, over a three year rolling period, the level of non-audit fees is below the audit fee.

Audit rotation

The auditor, Deloitte LLP, has been in tenure since 2000 and the current audit partner has been in place since the audit of the 2013 financial statements.

The Committee has reviewed the performance of the external auditor and the audit process 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. That said, the Committee is supportive of the new provision in the UK Code in respect of auditor rotation. The Committee's present intention therefore is that they will tender the external audit with a view to changing auditors at the end of the five year term of the current audit partner in 2017. There are no contractual obligations that act to restrict the Audit Committee's choice of external auditor.

The Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 and the Code.

Risk management and internal control

The Committee and the Board reviewed the internal control processes of the business and the Group's risk register during the year. The risks and uncertainties facing the Group, and its internal control processes are considered in the Strategic Report on page 34.

Internal audit

The Committee has considered the Board's view that, given the relatively straightforward nature of the Group's business and the control environment in place, no formal internal audit function is required. The Committee concurs with management's view.

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
23 May 2016

Statement of Directors' Responsibilities

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;
2. the strategic 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; and
3. the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

James Gibson
Chief Executive Officer
23 May 2016

John Trotman
Chief Financial Officer
23 May 2016

Independent auditor's 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 2016 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 Income Statement, 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 and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group	As required by the Listing Rules we have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 2 to the financial statements and the Directors' statement on the longer-term viability of the Group contained within the Strategic Report on page 37. We have nothing material to add or draw attention to in relation to: > the Directors' confirmation on page 34 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; > the disclosures on pages 34 to 36 that describe those risks and explain how they are being managed or mitigated; > the Directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; > the Directors' explanation on page 37 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. 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.
Independence	We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.
Our assessment of risks of material misstatement	The assessed risk of material misstatement described below is the one that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Investment property valuation

Risk description	See also note 14 to the financial statements, and the Audit Committee's Report on pages 80 to 82. Refer to the accounting policies of the Group set out on page 96 and 97 for the Group's investment property valuation policy and the associated critical accounting estimate for determining fair value. As at 31 March 2016, the Group held wholly-owned investment properties and investment properties under construction valued at £1,126.2 million (2015: £1,022.8 million) all located within the United Kingdom. The Group also has minority investments in two associate entities (Armadillo Storage Holding Company Limited and Armadillo Storage Company 2 Limited), together 'the Associates' for which equity accounting is applied. The Associates control a combined gross value of £57.7 million (2015: £53.3 million) in self storage assets, of which 20% is recognised by the Group. Investment properties are held at fair value on the Group Consolidated Balance Sheet. The net valuation gain in the year relating to Group held wholly-owned investment properties was £58.0 million (2015: £64.5 million), which was recognised through the Consolidated Statement of Comprehensive Income. The net valuation gain, included within the share of profit of associates, relating to the properties held by the Associates was £3.5 million (2015: £11.5 million) on a gross basis and therefore £0.7 million (2015: £2.3million) on a Group share basis. Fair values are calculated using actual and forecast inputs such as: occupancy, capitalisation rates, maximum lettable area, operating expenses and net rent per square foot by property as at 31 March 2016. In addition, external valuers apply professional judgement concerning market conditions and factors impacting individual properties. We consider investment property valuation to be at significant risk of material misstatement as the valuation process is subjective and inherently judgemental in nature. The investment market for prime self storage, in particular, is subject to market uncertainty due to the low volume of transactions.
How the scope of our audit responded to the risk	> We assessed the design and implementation of the key internal controls around the property valuation process; > We tested the integrity of the information provided to the external valuers by management by agreeing key inputs such as actual occupancy and net rent per square foot to underlying records and source evidence; > We modelled nine years of valuations and key valuation inputs of the investment properties subject to audit, to understand the historical trends of key inputs and compared these against the key forecast assumptions included in the property valuation; > We met with the external valuers covering both the Group and Associate portfolios and assessed their independence, the scope of the work they were requested to perform by management, quality control procedures in place internally and the valuation methodology applied; > We challenged the external valuers on the key assumptions applied and focussed on properties we identified as having significant or unusual valuation movements (compared to market data or previous periods). Our challenge was informed by input from our internal valuation specialists, utilising their knowledge and expertise in the market at a macro level and the relevant geographies to challenge the key judgmental inputs. We also researched comparable transactions and understood trends in analogous industries and utilised this information in our audit challenge. We understood the rationale for outlying valuations or movements and obtained corroborative evidence. We also assessed the valuations for a sample of other properties; and > We visited a sample of properties to assess the condition of the buildings and validate a sample of occupancy data inputs.

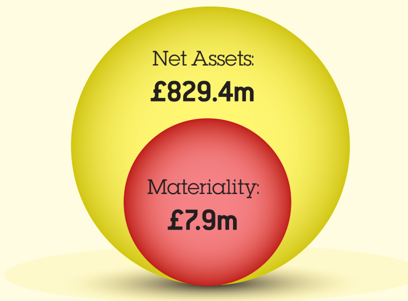
Investment property valuation

Key observations	Management have recognised a £58.0 million uplift in the valuation as at 31 March 2016. During the course of the audit of the investment property valuation, we noted the following key observations: > A portfolio wide reduction was applied to the capitalisation rate of each store in the valuation reflecting an improvement in investor appetite for self storage assets; and > An increase in the average stabilised occupancy rate has been applied to the portfolio. This reflects the increasing number of stores reaching occupancy levels above 80%. We found the assumptions adopted by management in the valuation were reasonable and the methodology applied was appropriate in all material respects. Last year our report included one risk which is not included in our report this year – fair value assessments in the acquisition of the Big Yellow Limited Partnership; this transaction completed during the prior year. Our risk around investment property valuation was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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 £7.9 million (2015: £6.9 million), based on professional judgment, the requirements of International Standards of Auditing and the financial measures most relevant to users of the financial statements. We have used 1.0% of net assets (2015: 1.0% of net assets) as the benchmark for determining materiality. We concluded that determining materiality based on net assets is consistent with industry peers, in particular real estate investment trusts, and because it reflects a measure of interest to investors.



In addition to net assets, we consider adjusted profit before tax to be a critical financial performance measure for the Group on the basis that it is a key metric to analysts and investors and has substantial prominence in the Annual Report. Adjusted profit before tax is £49.0 million (2015: £39.4 million), which is reconciled to profit before tax of £112.2 million (2015: £105.2 million) in accordance with IFRS in note 10 of the financial statements. We applied a lower threshold of £2.3 million (2015: £1.9 million) for testing all balances impacting adjusted profit before tax. This lower threshold was based on 5% (2015: 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 £400,000 (2015: £138,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We have re-assessed the appropriateness of this threshold since the prior year.

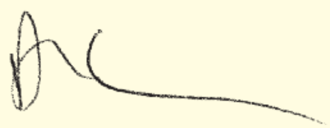
We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Investment property valuation

An overview of the scope of our audit	Our audit was scoped by obtaining an understanding of the Group and its control environment, including Group-wide controls, and assessing the risks of material misstatement. As in previous years, the audit team performed full scope statutory audits of all non-dormant entities within the Group. We have performed an audit to statutory materiality for the purposes of supporting the Group audit opinion for each non-dormant entity. As such, the scope of our audit covered 100% of both consolidated profit before tax and consolidated net assets. Statutory materiality adopted for subsidiaries companies ranged from between £0.1 million and £7.8 million. During the previous year the Group acquired 20% of the equity of the Associates and continues to manage these portfolios. The Group applies equity accounting for these interests and the equity interest in Armadillo Holdings 1 Limited and Armadillo Holdings 2 Limited amounts to £4.2 million and £2.2 million respectively. We have performed audit procedures on all balances and transactions material to these entities for the purposes of supporting the Group audit opinion. The Group audit team continued to follow a programme of planned site visits during March 2016. At each site visited we undertook an inventory count, performed design and implementation testing of key controls, verified a sample of fixed assets and occupancy data, agreed cash balances to bank reconciliations and held discussions with key 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 part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.
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.

Investment property valuation

Matters on which we are required to report by exception (continued)	
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). 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 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
23 May 2016

Consolidated Statement of Comprehensive Income

Year ended 31 March 2016

	Note	2016 £000	2015 £000
Revenue	3	**101,382**	84,276
Cost of sales		**(32,632)**	(27,351)
Gross profit		**68,750**	56,925
Administrative expenses		**(8,896)**	(8,505)
Operating profit before gains on property assets		**59,854**	48,420
Gain on the revaluation of investment properties	*13a,14*	**58,001**	64,465
Profit on disposal of surplus land	*15*	**4,754**	1,318
Operating profit		**122,609**	114,203
Share of profit of associates	*13d*	**1,104**	3,516
Investment income	*7*	**403**	495
Finance costs – interest payable	*8*	**(11,866)**	(10,704)
– fair value movement of derivatives	*8, 18*	**(4)**	(2,274)
Profit before taxation		**112,246**	105,236
Taxation	*9*	**(247)**	351
Profit for the year (attributable to equity shareholders)	*5*	**111,999**	105,587
Total comprehensive income for the year (attributable to equity shareholders)		**111,999**	105,587
Basic earnings per share	*12*	**71.9p**	72.5p
Diluted earnings per share	*12*	**71.6p**	71.9p

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

Year ended 31 March 2016

	Note	2016 £000	2015 £000
Non-current assets			
Investment property	*13a*	**1,092,210**	1,007,110
Investment property under construction	*13a*	**33,945**	15,681
Interests in leasehold property	*13a*	**20,165**	20,829
Plant, equipment and owner-occupied property	*13b*	**3,405**	3,050
Goodwill	*13c*	**1,433**	1,433
Investment in associates	*13d*	**6,406**	5,572
Capital Goods Scheme receivable	*16*	**6,561**	9,039
		1,164,125	1,062,714
Current assets			
Surplus land	*15*	**300**	3,315
Inventories		**266**	304
Trade and other receivables	*16*	**16,222**	16,379
Cash and cash equivalents		**17,207**	8,194
		33,995	28,192
Total assets		**1,198,120**	1,090,906
Current liabilities			
Trade and other payables	*17*	**(36,122)**	(32,612)
Borrowings	*19*	**(2,243)**	(72,136)
Obligations under finance leases	*21*	**(1,722)**	(1,705)
		(40,087)	(106,453)
Non-current liabilities			
Derivative financial instruments	*18c*	**(3,683)**	(3,679)
Borrowings	*19*	**(306,520)**	(210,736)
Obligations under finance leases	*21*	**(18,443)**	(19,124)
		(328,646)	(233,539)
Total liabilities		**(368,733)**	(339,992)
Net assets		**829,387**	750,914
Equity			
Share capital	*22*	**15,737**	15,806
Share premium account		**45,227**	44,922
Reserves		**768,423**	690,186
Equity shareholders' funds		**829,387**	750,914

The financial statements were approved by the Board of Directors and authorised for issue on 23 May 2016. They were signed on its behalf by:

James Gibson
Director

John Trotman
Director

Company Registration No. 03625199

Consolidated Statement of Changes in Equity

Year ended 31 March 2016

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2015	15,806	44,922	74,950	1,653	619,206	(5,623)	750,914
Total comprehensive gain for the year	–	–	–	–	111,999		111,999
Issue of share capital	73	305	–	–	–	–	378
Cancellation of treasury shares	(142)	–	–	142	(3,727)	3,727	–
Use of own shares to satisfy share options	–	–	–	–	(877)	877	
Dividend	–	–	–	–	(36,443)	–	(36,443)
Credit to equity for equity-settled share based payments	–	–	–	–	2,539	–	2,539
At 31 March 2016	**15,737**	**45,227**	**74,950**	**1,795**	**692,697**	**(1,019)**	**829,387**

Year ended 31 March 2015

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2014	14,306	44,278	–	1,653	539,450	(5,623)	594,064
Total comprehensive gain for the year	–	–	–	–	105,587	–	105,587
Issue of share capital	1,500	644	74,950	–		–	77,094
Dividend	–	–	–	–	(27,890)	–	(27,890)
Credit to equity for equity-settled share based payments	–	–	–	–	2,059	–	2,059
At 31 March 2015	15,806	44,922	74,950	1,653	619,206	(5,623)	750,914

The other non-distributable reserve arose in the year ended 31 March 2015 following the placing of 14.35 million ordinary shares.

Consolidated Cash Flow Statement

Year ended 31 March 2016

	Note	2016 £000	2015 £000
Operating profit		**122,609**	114,203
Gain on the revaluation of investment properties	*13a, 14*	**(58,001)**	(64,465)
Profit on disposal of surplus land	*15*	**(4,754)**	(1,318)
Depreciation	*13b*	**663**	566
Depreciation of finance lease capital obligations	*13a*	**967**	918
Employee share options	*6*	**2,539**	2,059
Decrease/(increase) in inventories		**38**	(14)
Decrease/(increase) in receivables		**369**	(1,172)
Increase in payables		**1,785**	1,098
Cash generated from operations		**66,215**	51,875
Interest paid		**(10,763)**	(9,692)
Interest received		**15**	27
Tax credit received		**–**	187
Cash flows from operating activities		**55,467**	42,397
Investing activities			
Sale of surplus land		**7,835**	2,815
Purchase of non-current assets		**(44,509)**	(42,555)
Additions to surplus land		**(66)**	(231)
Receipts from Capital Goods Scheme		**184**	3,557
Acquisition of Big Yellow Limited Partnership (net of cash acquired)		**–**	(37,406)
Acquisition of Big Storage Limited		**–**	(15,114)
Disposal of Big Storage Limited		**–**	7,614
Net investment in associates	*13d*	**–**	(3,709)
Dividend received from associates	*13d*	**270**	89
Cash flows from investing activities		**(36,286)**	(84,940)
Financing activities			
Issue of share capital		**378**	77,094
Payment of finance lease liabilities	*13a*	**(967)**	(918)
Equity dividends paid	*11*	**(36,443)**	(27,890)
Payments to cancel interest rate derivatives		**–**	(1,408)
Refinancing fees		**–**	(2,649)
Drawing of M&G loan		**70,000**	–
(Repayment)/borrowing of Lloyds short term loan		**(70,000)**	70,000
Repayment of Big Yellow Limited Partnership loan		**–**	(57,000)
Repayment of Big Storage AIB loan		**–**	(9,659)
Drawing of Big Storage Lloyds loan		**–**	13,900
Increase/(decrease) in borrowings		**26,864**	(14,034)
Cash flows from financing activities		**(10,168)**	47,436
Net increase in cash and cash equivalents		**9,013**	4,893
Opening cash and cash equivalents		**8,194**	3,301
Closing cash and cash equivalents		**17,207**	8,194

Reconciliation of Net Cash Flow to Movement in Net Debt

Year ended 31 March 2016

	Note	2016 £000	2015 £000
Net increase in cash and cash equivalents in the year		**9,013**	4,893
Cash flow from increase in debt financing		**(26,864)**	(55,966)
Change in net debt resulting from cash flows		**(17,851)**	(51,073)
Movement in net debt in the year		**(17,851)**	(51,073)
Net debt at the start of the year		**(277,140)**	(226,067)
Net debt at the end of the year	*18*	**(294,991)**	(277,140)

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 Strategic Report on pages 14 to 19.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union in accordance with EU law (IAS regulation EC1606/2002) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements are presented in Sterling, being the currency of the primary economic environment in which the Group operates. Unless otherwise stated, figures are rounded to the nearest thousand.

The accounting policies adopted are consistent with those of the previous financial year, except as described in the following sections.

The following new and revised Standards and Interpretations have been adopted in the current year, but have not had a material impact on the Group:

Annual Improvements to IFRSs: 2010-2012	Annual Improvements to IFRSs
Annual Improvements to IFRSs: 2011-2013	Annual Improvements to IFRSs

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exemption
Annual Improvements to IFRSs: 2012-2014	Annual Improvements to IFRSs

There are no standards and interpretations in issue but not yet adopted which, in the opinion of the Directors, will have a material effect on the reported income or net assets of the Group or Company.

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain investment 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 in the Strategic Report. 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 Strategic Report and in the notes to the financial statements.

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 2017 and projections contained in the longer term business plan which covers the period to March 2020. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 direct the relevant activities of an investee entity so as to obtain benefits from its activities.

The Group consolidates the financial results and balance sheets 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 the statement of comprehensive income.

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 necessary, adjustments are made to the financial statements of associates to bring the accounting policies used into line with those used by the Group.

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. Fees earned from associates are recognised in full in the income statement through revenue with the proportionate debit shown in the share of profit of associate.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowings

Interest-bearing 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.

Plant, equipment and owner occupied property

All property, plant and equipment, not classified as investment property, is 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
Leasehold improvements	Over period of the lease
Plant and machinery	10 years
Motor vehicles	4 years
Fixtures and fittings	5 years
Computer equipment	3 to 5 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property

The criteria 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 (i.e. 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 re-measurement 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 re-measured, 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.

Estimate of fair value of Investment Properties and Investment Property Under Construction (critical accounting estimate)

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 an annual basis. The stores within the Armadillo Partnerships are valued by Jones Lang LaSalle. Principal assumptions underlying the 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, ancillary income 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.

3. REVENUE

Analysis of the Group's operating revenue can be found below and in the Portfolio Summary on page 20.

	2016 £000	2015 £000
Open stores		
Self storage income	**84,900**	70,631
Other storage related income	**14,568**	11,849
Ancillary store rental income	**354**	251
	99,822	82,731
Other revenue		
Non-storage income	**808**	268
Fees earned from Big Yellow Limited Partnership	**–**	458
Other management fees earned	**752**	819
Revenue per statement of comprehensive income	**101,382**	84,276
Interest receivable on bank deposits (see note 7)	**15**	27
Total revenue per IAS 18	**101,397**	84,303

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.

5. PROFIT FOR THE YEAR

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

	2016 £000	2015 £000
Depreciation of plant, equipment and owner-occupied property	**663**	566
Leasehold property depreciation	**967**	918
Gain on the revaluation of investment property	**(58,001)**	(64,465)
Profit on disposal of surplus land	**(4,754)**	(1,318)
Cost of inventories recognised as an expense	**1,095**	977
Employee costs (see note 6)	**15,094**	13,084
Operating lease rentals	**78**	95
Auditor's remuneration for audit services (see below)	**186**	191

b) Analysis of auditor's remuneration:

	2016 £000	2015 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**156**	160
Other services – audit of the Company's subsidiaries' annual accounts	**30**	31
Total audit fees	**186**	191
Interim review	**31**	34
Tax services – advisory	**60**	131
Assurance of CSR report	**22**	22
Other services	**–**	80
Total non-audit fees	**113**	267

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. Fees charged by Deloitte LLP to Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited in the year amounted to £43,000, which all related to audit services.

6. EMPLOYEE COSTS

The average monthly number of full-time equivalent employees (including Executive Directors) was:

	2016 Number	2015 Number
Sales	**271**	256
Administration	**47**	44
	318	300

At 31 March 2016 the total number of Group employees was 358 (2015: 337).

	2016 £000	2015 £000
Their aggregate remuneration comprised:		
Wages and salaries	**10,443**	8,982
Social security costs	**1,634**	1,655
Other pension costs	**478**	388
Share-based payments	**2,539**	2,059
	15,094	13,084

Details of Directors' Remuneration is given on pages 66 to 79.

7. INVESTMENT INCOME

	2016 £000	2015 £000
Bank interest receivable	**15**	27
Unwinding of discount on Capital Goods Scheme receivable	**388**	468
Total investment income	**403**	495

8. FINANCE COSTS

	2016 £000	2015 £000
Interest on bank borrowings	**11,187**	10,080
Capitalised interest	**(247)**	(399)
Interest on obligations under finance leases	**926**	1,023
Total interest payable	**11,866**	10,704
Change in fair value of interest rate derivatives	**4**	2,274
Total finance costs	**11,870**	12,978

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.

Finance (No.2) Bill 2015 provides that the rate of corporation tax for the 2017 Financial Year (commencing 1 April 2017) will be 19% and that the rate from 1 April 2020 would be 18%. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%, however this rate is yet to be substantially enacted.

	2016 £000	2015 £000
UK current tax		
Current tax:		
– Current year	**247**	90
– Prior year	**–**	(254)
– Conversion charge refund	**–**	(187)
	247	(351)

A reconciliation of the tax charge/(credit) is shown below:

	2016 £000	2015 £000
Profit before tax	**112,246**	105,236
Tax charge at 20% (2015 – 21%) thereon	**22,449**	22,100
Effects of:		
Revaluation of investment properties	**(11,600)**	(12,109)
Share of profit of associates	**(220)**	(739)
Other permanent differences	**(930)**	(1,475)
Profits from the tax exempt business	**(7,725)**	(7,234)
Profit on disposal of surplus land	**(951)**	(278)
Utilisation of brought forward losses	**(51)**	(438)
Movement on other unrecognised deferred tax assets	**(725)**	263
Current year tax charge	**247**	90
Prior year adjustment	**–**	(441)
Total tax charge/(credit)	**247**	(351)

At 31 March 2016 the Group has unutilised tax losses of £32.4 million (2015: £32.8 million) available for offset against certain types of future taxable profits. All losses can be carried forward indefinitely.

10. ADJUSTED PROFIT BEFORE TAX AND ADJUSTED EBITDA

	2016 £000	2015 £000
Profit before tax	**112,246**	105,236
Gain on revaluation of investment properties – wholly owned	**(58,001)**	(64,465)
– in associate (net of deferred tax)	**(566)**	(2,731)
Change in fair value of interest rate derivatives – Group	**4**	2,274
– in associate	**23**	124
Profit on disposal of surplus land	**(4,754)**	(1,318)
Share of non-recurring losses in associate	**–**	285
Adjusted profit before tax	**48,952**	39,405
Net bank interest	**10,925**	9,654
Depreciation (see note 13b)	**663**	566
Adjusted EBITDA	**60,540**	49,625

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. EPRA earnings are £48,705,000 for the year after the tax charge of £247,000 (2015: £39,756,000 after a tax credit of £351,000).

11. DIVIDENDS

	2016 £000	2015 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2015 of 11.3p (2014: 8.4p) per share.	**17,541**	11,774
Interim dividend for the year ended 31 March 2016 of 12.1p (2015: 10.4p) per share.	**18,902**	16,116
	36,443	27,890
Proposed final dividend for the year ended 31 March 2016 of 12.8p (2015: 11.3p) per share.	**20,003**	17,541

Subject to approval by shareholders at the Annual General Meeting to be held on 22 July 2016, the final dividend will be paid on 28 July 2016. The ex-div date is 16 June 2016 and the record date is 17 June 2016.

The Property Income Dividend ("PID") payable for the year is 18.1 pence per share (2015: 16.1 pence per share).

12. EARNINGS AND NET ASSETS PER SHARE

Earnings per ordinary share

	Year ended 31 March 2016			Year ended 31 March 2015		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share
Basic	**112.0**	**155.8**	**71.9**	105.6	145.7	72.5
Dilutive share options	**–**	**0.7**	**(0.3)**	–	1.2	(0.6)
Diluted	**112.0**	**156.5**	**71.6**	105.6	146.9	71.9
Adjustments:						
Gain on revaluation of investment properties	**(58.0)**	**–**	**(37.1)**	(64.5)	–	(43.9)
Change in fair value of interest rate derivatives	**–**	**–**	**–**	2.3	–	1.6
Profit on disposal of surplus land	**(4.8)**	**–**	**(3.1)**	(1.3)	–	(0.9)
Share of associate non-recurring gains	**(0.5)**	**–**	**(0.3)**	(2.3)	–	(1.6)
EPRA – diluted	**48.7**	**156.5**	**31.1**	39.8	146.9	27.1
EPRA – basic	**48.7**	**155.8**	**31.3**	39.8	145.7	27.3

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

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 (including deferred tax on revaluation surpluses) 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:

	31 March 2016 £000	31 March 2015 £000
Basic net asset value	**829,387**	750,914
Exercise of share options	**700**	452
EPRA NNNAV	**830,087**	751,366
Adjustments:		
Fair value of derivatives	**3,683**	3,679
Fair value of derivatives – share of associate	**69**	46
Share of deferred tax in associates	**573**	425
EPRA NAV	**834,412**	755,516
Basic net assets per share (pence)	**530.8**	484.0
EPRA NNNAV per share (pence)	**525.5**	478.5
EPRA NAV per share (pence)	**528.3**	481.1
EPRA NAV (as above) (£000)	**834,412**	755,516
Valuation methodology assumption (see note 14) (£000)	**64,560**	45,927
Adjusted net asset value (£000)	**898,972**	801,443
Adjusted net assets per share (pence)	**569.1**	510.4

	No. of shares	No. of shares
Shares in issue	**157,369,287**	158,055,735
Own shares held in treasury	**–**	(1,418,750)
Own shares held in EBT	**(1,122,907)**	(1,500,000)
Basic shares in issue used for calculation	**156,246,380**	155,136,985
Exercise of share options	**1,707,743**	1,896,437
Diluted shares used for calculation	**157,954,123**	157,033,422

Net assets per share are equity shareholders' funds divided by the number of shares at the year end. The 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).

The shares held in treasury were cancelled during the year.

13. NON-CURRENT ASSETS

a) Investment property, investment property under construction and interests in leasehold property

	Investment property £000	Investment property under construction £000	Interests in leasehold property £000	Total £000
At 31 March 2014	776,390	22,303	23,814	822,507
Additions	36,343	5,157	–	41,500
Acquisition of Partnership stores	111,055	–	–	111,055
Transfer from surplus land	1,478	–	–	1,478
Reclassification	12,650	(12,650)	–	–
Adjustment to present value	–	–	(2,067)	(2,067)
Acquisition of Big Storage	24,900	–	–	24,900
Disposals	(19,300)	–	–	(19,300)
Revaluation	63,594	871	–	64,465
Depreciation	–	–	(918)	(918)
At 31 March 2015	1,007,110	15,681	20,829	1,043,620
Additions	3,668	41,695	–	45,363
Reclassification	19,437	(19,437)	–	–
Adjustment to present value	–	–	303	303
Revaluation (see note 14)	61,995	(3,994)	–	58,001
Depreciation	–	–	(967)	(967)
At 31 March 2016	**1,092,210**	**33,945**	**20,165**	**1,146,320**

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 20. Included within additions is £0.2 million of capitalised interest (2015: £0.4 million), calculated at the Group's average borrowing cost for the year of 3.6%. 55 of the Group's investment properties are pledged as security for loans, with a total external value of £918.9 million.

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 2014	1,843	53	425	25	1,889	4,235
Retirement of fully depreciated assets	–	–	(52)	–	(891)	(943)
Additions	42	–	171	–	418	631
At 31 March 2015	1,885	53	544	25	1,416	3,923
Retirement of fully depreciated assets	–	–	(103)	–	(439)	(542)
Additions	298	48	151	–	521	1,018
At 31 March 2016	**2,183**	**101**	**592**	**25**	**1,498**	**4,399**
Depreciation						
At 31 March 2014	(293)	(49)	(218)	(22)	(668)	(1,250)
Retirement of fully depreciated assets	–	–	52	–	891	943
Charge for the year	(35)	(1)	(53)	(3)	(474)	(566)
At 31 March 2015	(328)	(50)	(219)	(25)	(251)	(873)
Retirement of fully depreciated assets	–	–	103	–	439	542
Charge for the year	(39)	(2)	(81)	–	(541)	(663)
At 31 March 2016	**(367)**	**(52)**	**(197)**	**(25)**	**(353)**	**(994)**
Net book value						
At 31 March 2016	**1,816**	**49**	**395**	**–**	**1,145**	**3,405**
At 31 March 2015	1,557	3	325	–	1,165	3,050

13. NON-CURRENT ASSETS (continued)

c) Goodwill

The 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 remains unchanged from the prior year as there is considered to be no impairment in the value of the asset.

d) Investment in associates

Armadillo

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	
	31 March 2016 £000	31 March 2015 £000	**31 March 2016 £000**	31 March 2015 £000
At the beginning of the year	**3,638**	–	**1,934**	–
Subscription for partnership capital and advances	**–**	3,648	**–**	1,789
Part disposal of Partnership interest	**–**	(1,728)	**–**	–
Share of results (see below)	**718**	1,807	**386**	145
Dividends	**(183)**	(89)	**(87)**	–
	4,173	3,638	**2,233**	1,934

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

The investment properties owned by Armadillo 1 and Armadillo 2 have been valued at 31 March 2016 by Jones Lang LaSalle.

Big Yellow Limited Partnership

At the start of the prior year the Group had a 33.3% interest in Big Yellow Limited Partnership. This interest was accounted for as an associate, using equity accounting. On 1 December 2014, the Group acquired the remaining 66.7% of the Partnership interest that it did not previously own. From this date, the Partnership is accounted for as a wholly owned subsidiary of the Group. The results up to this date are shown in the note below:

	31 March 2016 £000	31 March 2015 £000
At the beginning of the period	**–**	17,861
Share of results	**–**	1,564
Acquisition of remaining interest	**–**	(19,425)
At the end of the period	**–**	–

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 of the Armadillo Partnerships.

	Armadillo Storage 1		Armadillo Storage 2	
	Year ended 31 March 2016 £000	Period from 16 April 2014 2014 to 31 March 2015 £000	**Year ended 31 March 2016 £000**	Period from 3 February 2015 to 31 March 2015 £000
Income statement (100%)				
Revenue	**4,829**	4,321	**4,139**	627
Cost of sales	**(2,560)**	(2,258)	**(1,954)**	(225)
Administrative expenses	**(77)**	(100)	**(97)**	(75)
Operating profit	**2,192**	1,963	**2,088**	327
Gain on the revaluation of investment properties	**2,340**	10,078	**1,111**	1,449
Net interest payable	**(514)**	(504)	**(688)**	(183)
Acquisition costs written off	**–**	(467)	**–**	(540)
Fair value movement of interest rate derivatives	**(9)**	(197)	**(104)**	(35)
Deferred and current tax	**(421)**	(1,833)	**(478)**	(290)
Profit attributable to shareholders	**3,588**	9,040	**1,929**	728
Dividends paid	**(916)**	(447)	**(434)**	–
Retained profit	**2,672**	8,593	**1,495**	728
Balance sheet (100%)				
Investment property	**32,825**	30,125	**24,825**	23,175
Interest in leasehold properties	**–**	–	**3,809**	4,083
Other non-current assets	**1,015**	1,005	**1,490**	1,465
Current assets	**888**	1,132	**845**	1,256
Current liabilities	**(1,193)**	(2,151)	**(1,840)**	(1,812)
Derivative financial instruments	**(207)**	(197)	**(139)**	(35)
Non-current liabilities	**(12,463)**	(11,721)	**(17,825)**	(18,462)
Net assets (100%)	**20,865**	18,193	**11,165**	9,670
Group share				
Operating profit	**439**	471	**418**	65
Gain on the revaluation of investment properties	**468**	2,042	**222**	290
Net interest payable	**(103)**	(123)	**(138)**	(37)
Acquisition costs written off	**–**	(177)	**–**	(108)
Fair value movement of interest rate derivatives	**(2)**	(39)	**(21)**	(7)
Deferred and current tax	**(84)**	(367)	**(95)**	(58)
Profit attributable to shareholders	**718**	1,807	**386**	145
Dividends paid	**(183)**	(89)	**(87)**	–
Retained profit	**535**	1,718	**299**	145
Associates' net assets	**4,173**	3,638	**2,233**	1,934

The prior year balance sheet and income statement have been restated for Armadillo 2 to reflect finance lease accounting for the short leasehold property. There is no change to the prior year net assets or profit.

14. VALUATION OF INVESTMENT PROPERTY

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
Freehold stores			
At 31 March 2015	542,466	423,074	965,540
Transfer from investment property under construction	20,854	(1,417)	19,437
Movement in year	3,593	61,710	65,303
At 31 March 2016	**566,913**	**483,367**	**1,050,280**
Leasehold stores			
At 31 March 2015	14,702	26,868	41,570
Movement in year	75	285	360
At 31 March 2016	**14,777**	**27,153**	**41,930**
Total of open stores			
At 31 March 2015	557,168	449,942	1,007,110
Transfer from investment property under construction	20,854	(1,417)	19,437
Movement in year	3,668	61,995	65,663
At 31 March 2016	**581,690**	**510,520**	**1,092,210**
Investment property under construction			
At 31 March 2015	21,809	(6,128)	15,681
Transfer to investment property	(20,854)	1,417	(19,437)
Movement in year	41,695	(3,994)	37,701
At 31 March 2016	**42,650**	**(8,705)**	**33,945**
Valuation of all investment property			
At 31 March 2015	578,977	443,814	1,022,791
Movement in year	45,363	58,001	103,364
At 31 March 2016	**624,340**	**501,815**	**1,126,155**

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 year.

The wholly owned freehold and leasehold investment properties have been valued at 31 March 2016 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:

- One of the members of the RICS who has been a signatory to the valuations provided to the Group for the same purposes as this valuation, has done so since September 2004. This is the first occasion on which the other member has been a signatory;
- C&W have been carrying out this 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%; and
- The fee payable to C&W is a fixed amount per store, and is not contingent on the appraised value.

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 in the UK since Q1 2013 there have only been six transactions involving multiple assets and 13 single asset transactions. 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.

Brexit Risk

The UK is set to hold a referendum on 23 June on whether or not to remain a member of the European Union.

C&W's valuation report comments on reduced transaction volumes in the real estate markets in the run up to the referendum date and, should the vote be for the UK to exit, then they expect there to be continued uncertainty in the real estate markets as the UK renegotiates its relationships with the EU and other nations.

14. VALUATION OF INVESTMENT PROPERTY (continued)

Portfolio Premium

C&W's valuation report further confirms that the properties have been valued individually but that if the portfolio was to be sold as a single lot or in selected groups of properties, the total value could differ significantly. C&W state that in current market conditions they are of the view that there could be a material portfolio premium.

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 71 trading stores (both freeholds and leaseholds) open at 31 March 2016 averages 81.9% (31 March 2015: 81.1%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for the 71 stores to trade at their maturity levels is 20 months (31 March 2015: 24 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 71 stores is 6.5% (31 March 2015: 6.4%) rising to a stabilised net yield pre-administration expenses of 7.2% (31 March 2015: 7.4%).

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 9.9% (31 March 2015: 10.4%).

E. Purchaser's costs in the range of 6.1% to circa 6.8% (see below) have been assumed initially, reflecting the new progressive SLDT rates brought into force in March 2016 and sale plus purchaser's costs totalling circa 7.1% to 7.8% 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 six short leasehold properties is 15.5 years (31 March 2015: 16.5 years unexpired).

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. Three schemes do 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 Group's stores are relatively immature and have low initial cash flows. 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 flows, 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.

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.

14. VALUATION OF INVESTMENT PROPERTY (continued)

Immature stores: value uncertainty (continued)

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.

As noted above, 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 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 circa 6.1% to 6.8% 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. 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 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 2016 of £1,190.4 million (£64.2 million higher than the value recorded in the financial statements). The total valuations in the two Armadillo Partnerships performed by Jones Lang LaSalle are £2.1 million higher than the value recorded in the financial statements, of which the Group's share is £0.4 million. The sum of these is £64.6 million and translates to 40.8 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 14).

15. SURPLUS LAND

	£000
At 31 March 2015	**3,315**
Additions	**66**
Release of impairment	**2,300**
Disposal	**(5,381)**
At 31 March 2016	**300**

A gain of £4,754,000 arose on the disposal of surplus land at one site during the year (including the release of a prior year impairment). During the prior year a gain of £1,318,000 arose on the disposal of surplus land at one site.

16. TRADE AND OTHER RECEIVABLES

	31 March 2016 £000	31 March 2015 £000
Current		
Trade receivables	**3,050**	3,062
Capital Goods Scheme receivable	**2,866**	184
Other receivables	**241**	371
Prepayments and accrued income	**10,065**	12,762
	16,222	16,379
Non-current		
Capital Goods Scheme receivable	**6,561**	9,039

Trade receivables are net of a bad debt provision of £11,000 (2015: £19,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

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

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. 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% of the total balance of trade receivables.

Included in the Group's trade receivable balance are debtors with a carrying amount of £353,000 (2015: £210,000) 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 19 days past due (2015: 43 days past due).

Ageing of past due but not impaired receivables

	2016 £000	2015 £000
1 – 30 days	**285**	44
30 – 60 days	**45**	33
60 + days	**23**	133
Total	**353**	210

Movement in the allowance for doubtful debts

	2016 £000	2015 £000
Balance at the beginning of the year	**19**	42
Amounts provided in year	**76**	99
Amounts written off as uncollectible	**(84)**	(122)
Balance at the end of the year	**11**	19

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

	2016 £000	2015 £000
1 – 30 days	**–**	–
30 – 60 days	**4**	3
60 + days	**7**	16
Total	**11**	19

17. TRADE AND OTHER PAYABLES

	31 March 2016 £000	31 March 2015 £000
Current		
Trade payables	**10,453**	11,653
Other payables	**10,592**	7,286
Accruals and deferred income	**15,077**	13,640
VAT repayable under Capital Goods Scheme	**–**	33
	36,122	32,612

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.

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 currently require 45% 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 loans and 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:

	2016 **£000**	2015 £000
Debt	**(312,198)**	(285,334)
Cash and cash equivalents	**17,207**	8,194
Net debt	**(294,991)**	(277,140)
Balance sheet equity	**829,387**	750,914
Net debt to equity ratio	**35.6%**	36.9%

Debt is defined as long-term and short-term borrowings, as detailed in note 19, excluding finance leases and debt issue costs. 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.

B. Debt management

The Group currently borrows through a senior term loan, secured on 25 self storage assets and sites, a 15 year loan with Aviva Commercial Finance Limited secured on a portfolio of 15 self storage assets, and a £70 million seven year loan from M&G Investments Limited, drawn in June 2015, and 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 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 2016 the Group had two interest rate derivatives in place; £30 million fixed at 2.80% (excluding the margin on the underlying debt instrument) until September 2016, and £35 million fixed at 2.635% (excluding the margin on the underlying debt instrument) until June 2022.

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 £30 million interest rate swap settles on a monthly basis. The floating rate on the interest rate swap is one month LIBOR. The Group settles the difference between the fixed and floating interest rate on a net basis.

The £35 million interest rate swap settles on a three-monthly basis. The floating rate on the interest rate swap is three month LIBOR. The Group settles 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 £4,000 (2015: loss of £2,274,000).

The fair value of the above derivatives at 31 March 2016 was a liability of £3,683,000 (2015: liability of £3,679,000).

18. FINANCIAL INSTRUMENTS (continued)

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 2016, it is estimated that an increase of 0.5 percentage points in interest rates would have reduced the Group's adjusted profit before tax and net equity by £775,000 (2015: reduced adjusted profit before tax by £805,000) and a decrease of 0.5 percentage points in interest rates would have increased the Group's adjusted profit before tax and net equity by £775,000 (2015: increased adjusted profit before tax by £805,000). 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, with a slight reduction in the amount of floating rate debt. 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 50,000 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.

H. Financial maturity analysis

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

2016 debt maturity	**Total £000**	**Less than one year £000**	**One to two years £000**	**Two to five years £000**	**More than five years £000**
Aviva mortgage	92,198	2,243	2,356	7,799	79,800
M&G loan payable at variable rate	35,000	–	–	–	35,000
M&G loan fixed by interest rate derivatives	35,000	–	–	–	35,000
Bank loan payable at variable rate	120,000	–	–	120,000	–
Debt fixed by interest rate derivatives	30,000	–	–	30,000	–
Total	**312,198**	**2,243**	**2,356**	**157,799**	**149,800**

2015 debt maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Aviva mortgage	94,334	2,136	2,243	7,427	82,528
Bank loan payable at variable rate	161,000	70,000	–	91,000	–
Debt fixed by interest rate derivatives	30,000	–	–	30,000	–
Total	285,334	72,136	2,243	128,427	82,528

18. FINANCIAL INSTRUMENTS (continued)

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:

2016	**Trade and other payables £000**	**Interest rate swaps £000**	**Borrowings and interest £000**	**Finance leases £000**	**Total £000**
From five to twenty years	–	506	176,296	22,894	199,696
From two to five years	–	1,684	188,517	5,255	195,456
From one to two years	–	675	12,982	1,752	15,409
Due after more than one year	–	2,865	377,795	29,901	410,561
Due within one year	21,045	1,055	12,982	1,752	36,834
Total	**21,045**	**3,920**	**390,777**	**31,653**	**447,395**

2015	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Finance leases £000	Total £000
From five to twenty years	–	885	114,628	24,529	140,042
From two to five years	–	1,213	158,166	5,207	164,586
From one to two years	–	916	12,655	1,735	15,306
Due after more than one year	–	3,014	285,449	31,471	319,934
Due within one year	18,939	1,175	82,267	1,735	104,116
Total	18,939	4,189	367,716	33,206	424,050

18. FINANCIAL INSTRUMENTS (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.

2016	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	149,800	24,306	2,190	176,296
From two to five years	157,799	29,473	1,245	188,517
From one to two years	2,356	10,626	–	12,982
Due after more than one year	309,955	64,405	3,435	377,795
Due within one year	2,243	10,739	–	12,982
Total	**312,198**	**75,144**	**3,435**	**390,777**

2015	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	82,528	30,890	1,210	114,628
From two to five years	128,427	28,487	1,252	158,166
From one to two years	2,243	10,412	–	12,655
Due after more than one year	213,198	69,789	2,462	285,449
Due within one year	72,136	10,131	–	82,267
Total	285,334	79,920	2,462	367,716

19. BORROWINGS

Secured borrowings at amortised cost	31 March 2016 £000	31 March 2015 £000
Current liabilities		
Aviva mortgage	**2,243**	2,136
Bank borrowings	**–**	70,000
	2,243	72,136
Non-current liabilities		
Bank borrowings	**150,000**	121,000
Aviva mortgage	**89,955**	92,198
M&G mortgage	**70,000**	–
Unamortised loan arrangement costs	**(3,435)**	(2,462)
Total non-current borrowings	**306,520**	210,736
Total borrowings	**308,763**	282,872

The weighted average interest rate paid on the borrowings during the year was 3.6% (2015: 3.9%).

The Group has £20,000,000 in undrawn committed bank borrowing facilities at 31 March 2016, which expire between four and five years (2015: £49,000,000 expiring between four and five years).

The Group has 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. The annual fixed interest rate on the loan is 4.9%. The loan amortises to £60 million over the course of the 15 years. 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.

The Group has a £170 million 5 year bank facility with Lloyds and HSBC expiring in August 2019. £85 million of the facility is term loan with £85 million revolving. The blended margin on the facility is 1.375%. The Group has an option to extend this loan for a further year. The Group also has an option to increase the amount of the revolving loan facility by a further £80 million during the course of the loan's term. £20 million of this option was taken up subsequent to the year end, and hence at the date of signing the Group's bank loan facility was £190 million.

19. BORROWINGS (continued)

In June 2015 the Group drew down a £70 million 7 year loan with M&G Investments Limited, simultaneously repaying a short term bank loan of the same amount. The loan is secured over a portfolio of 15 freehold self storage centres. Half of the loan is variable and half is subject to an interest rate derivative for the seven years.

The Group was in compliance with its banking covenants at 31 March 2016 and throughout the year.

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
At 31 March 2016						
Gross financial liabilities	**312,198**	**155,000**	**157,198**	**3.5%**	**7.3 years**	**6.3 years**
At 31 March 2015						
Gross financial liabilities	285,334	161,000	124,334	3.3%	8.0 years	5.0 years

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 approximates to its fair value.

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

20. DEFERRED TAX

Deferred tax assets in respect of share based payments (£0.3 million), interest rate swaps (£0.7 million), corporation tax losses (£4.8 million), capital allowances in excess of depreciation (£0.4 million) and capital losses (£1.1 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 of minimum lease payments	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Amounts payable under finance leases:				
Within one year	**1,752**	1,735	**1,722**	1,705
Within two to five years inclusive	**7,007**	6,942	**6,136**	6,077
Greater than five years	**22,894**	24,529	**12,307**	13,047
	31,653	33,206	**20,165**	20,829
Less: future finance charges	**(11,488)**	(12,377)		
Present value of lease obligations	**20,165**	20,829		

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.

22. SHARE CAPITAL

	Authorised		Called up, allotted and fully paid	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Ordinary shares of 10 pence each	**20,000**	20,000	**15,737**	15,806

Movement in issued share capital	
Number of shares at 31 March 2014	143,061,147
Exercise of share options – Share option schemes	641,877
Share placing	14,352,711
Number of shares at 31 March 2015	158,055,735
Cancellation of treasury shares	(1,418,750)
Exercise of share options – Share option schemes	732,302
Number of shares at 31 March 2016	**157,369,287**

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

At 31 March 2016 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 2016**	Number of ordinary shares 2015
3 August 2009	nil p**	3 August 2012	2 August 2019	**2,075**	2,075
12 July 2010	nil p**	12 July 2013	11 July 2020	**4,781**	5,807
19 July 2011	nil p**	19 July 2013	19 July 2021	**7,112**	14,587
12 March 2012	240p*	1 April 2015	1 October 2015	**–**	92,347
11 July 2012	nil p**	11 July 2015	10 July 2022	**15,724**	616,977
12 March 2013	305.5p*	1 April 2016	1 October 2016	**31,365**	32,254
19 July 2013	nil p**	19 July 2016	19 July 2023	**511,821**	511,821
25 February 2014	442.6p*	1 April 2017	1 October 2017	**23,655**	24,711
29 July 2014	nil p**	29 July 2017	29 July 2024	**503,591**	511,091
16 March 2015	494.6p*	1 April 2018	1 October 2018	**101,014**	106,541
21 July 2015	nil p**	21 July 2018	21 July 2025	**399,117**	–
14 March 2016	608.0p*	1 April 2019	1 October 2019	**49,296**	–
				1,649,551	1,918,211

* 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 Trust, along with shares issued directly to the Employee Benefit Trust. 1,122,907 shares are held in the Employee Benefit Trust (2015: 1,500,000), and following the cancellation of shares in September 2015, no shares are held in treasury (2015: 1,418,750).

23. SHARE-BASED PAYMENTS

The Company has three equity share-based payment arrangements, namely an LTIP scheme (with approved and unapproved components), 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 £2,539,000 (2015: £2,059,000).

Equity-settled share option plans

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.

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 page 73 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 and 2010 partially vested. The awards granted in 2011 and 2012 fully vested. The weighted average share price at the date of exercise for options exercised in the year was £7.04 (2015: £5.40).

LTIP scheme	**2016 No. of options**	2015 No. of options
Outstanding at beginning of year	**1,662,358**	1,649,374
Granted during the year	**468,546**	724,345
Lapsed during the year	**(46,728)**	(93,955)
Exercised during the year	**(639,955)**	(617,406)
Outstanding at the end of the year	**1,444,221**	1,662,358
Exercisable at the end of the year	**29,692**	22,469

The weighted average fair value of options granted during the year was £976,000 (2015: £907,000).

Employee Share Save Scheme ("SAYE")	**2016 No. of options**	**2016 Weighted average exercise price (£)**	2015 No. of options	2015 Weighted average exercise price (£)
Outstanding at beginning of year	**255,853**	**3.74**	188,199	2.84
Granted during the year	**49,296**	**6.08**	106,541	4.95
Forfeited during the year	**(7,472)**	**4.65**	(14,416)	2.83
Exercised during the year	**(92,347)**	**2.40**	(24,471)	2.63
Outstanding at the end of the year	**205,330**	**4.87**	255,853	3.74
Exercisable at the end of the year	**–**	**–**	–	–

Options outstanding at 31 March 2016 had a weighted average contractual life of 2.2 years (2015: 2.0 years).

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

	LTIP	**SAYE**
Expected volatility	24%	25%
Expected life	3 years	3 years
Risk-free rate	0.8%	0.8%
Expected dividends	3.4%	3.4%

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 Executive Directors receive awards under the Long Term Bonus Performance Plan. This is accounted for as an equity instrument. The plan was set up in July 2015. The vesting criteria and scheme mechanics are set out in the Directors' Remuneration Report. At 31 March 2016 the weighted average contractual life was 2.3 years.

24. CAPITAL COMMITMENTS

At 31 March 2016 the Group had £0.4 million of amounts contracted but not provided in respect of the Group's properties (2015: £4.4 million of capital commitments).

25. EVENTS AFTER THE BALANCE SHEET DATE

In April 2016, the Group acquired the Lock and Leave portfolio. Big Yellow acquired the stores in Nine Elms and Twickenham for £14.6 million. The stores in Canterbury and West Molesey were acquired by Armadillo 1 for £6.4 million.

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 had a 33.3% interest in Big Yellow Limited Partnership, and entered into transactions with the Partnership during the prior year on normal commercial terms as shown in the table below. From 1 December 2014 the Partnership was wholly owned by the Group and therefore from this date activity with the Partnership is no longer shown in this note.

Transactions with Armadillo Storage Holding Company Limited

As described in note 13, the Group has a 20% interest in Armadillo Storage Holding Company Limited, and entered into transactions with Armadillo 1 during the period on normal commercial terms as shown in the table below.

Transactions with Armadillo Storage Holding Company 2 Limited

As described in note 13, the Group has a 20% interest in Armadillo Storage Holding Company 2 Limited, and entered into transactions with Armadillo 2 during the period on normal commercial terms as shown in the table below.

	31 March 2016 £000	31 March 2015 £000
Fees earned from Big Yellow Limited Partnership	**–**	458
Fees earned from Armadillo 1	**414**	560
Fees earned from Armadillo 2	**291**	208
Balance due from Armadillo 1	**103**	287
Balance due from Armadillo 2	**89**	71

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 72 to 79.

	31 March 2016 £000	31 March 2015 £000
Short term employee benefits	**1,316**	1,282
Post-employment benefits	**148**	95
Share based payments	**1,973**	4,410
	3,437	5,787

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 £24,000 (2015: £24,000).

No other related party transactions took place during the years ended 31 March 2016 and 31 March 2015.

Company Balance Sheet

Year ended 31 March 2016

	Note	2016 £000	2015 £000
Non-current assets			
Plant, equipment and owner-occupied property	*29a*	**1,890**	1,557
Investment in subsidiary companies	*29b*	**15,696**	13,157
		17,586	14,714
Current assets			
Trade and other receivables	*30*	**528,125**	606,104
Cash and cash equivalents		**1**	33
		528,126	606,137
Total assets		**545,712**	620,851
Current liabilities			
Trade and other payables	*31*	**(3,075)**	(2,757)
		(3,075)	(2,757)
Non-current liabilities			
Derivative financial instruments	*32*	**(315)**	(955)
Bank borrowings	*32*	**(148,755)**	(189,747)
		(149,070)	(190,702)
Total liabilities		**(152,145)**	(193,459)
Net assets		**393,567**	427,392
Equity			
Share capital	*22*	**15,737**	15,806
Share premium account		**45,227**	44,922
Reserves		**332,603**	366,664
Equity shareholders' funds		**393,567**	427,392

The financial statements were approved by the Board of Directors and authorised for issue on 23 May 2016. They were signed on its behalf by:

James Gibson
Director

John Trotman
Director

Company Registration No. 03625199

Company Cash Flow Statement

Year ended 31 March 2016

	2016 £000	2015 £000
Operating loss	**(939)**	(974)
Depreciation	**41**	36
Decrease/(increase) in receivables	**77,979**	(100,333)
Decrease in payables	**370**	661
Cash generated/(used) by operations	**77,451**	(100,610)
Interest paid	**(4,293)**	(5,126)
Interest received	**4,249**	9
Tax credit received	**–**	184
Cash flows from operating activities	**77,407**	(105,543)
Purchase of non-current assets	**(374)**	(41)
Cash flows from investing activities	**(374)**	(41)
Financing activities		
Issue of share capital	**378**	77,094
Equity dividends paid	**(36,443)**	(27,890)
Payments to cancel interest rate derivative	**–**	(1,408)
Refinancing fees	**–**	(1,234)
(Repayment)/borrowing of Lloyds short term loan	**(70,000)**	70,000
Increase/(decrease) in borrowings	**29,000**	(12,000)
Cash flows from financing activities	**(77,065)**	104,562
Net decrease in cash and cash equivalents	**(32)**	(1,022)
Opening cash and cash equivalents	**33**	1,055
Closing cash and cash equivalents	**1**	33

Company Statement of Changes in Equity

Year ended 31 March 2016

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2015	15,806	44,922	74,950	1,653	295,684	(5,623)	427,392
Total comprehensive loss for the year	–	–	–	–	(299)	–	(299)
Dividend	–	–	–	–	(36,443)	–	(36,443)
Issue of share capital	73	305	–	–	–	–	378
Cancellation of treasury shares	(142)	–	–	142	(3,727)	3,727	–
Use of own shares to satisfy share options	–	–	–	–	(877)	877	–
Credit to equity for equity-settled share based payments	–	–	–	–	2,539	–	2,539
At 31 March 2016	**15,737**	**45,227**	**74,950**	**1,795**	**256,877**	**(1,019)**	**393,567**

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

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

Year ended 31 March 2015

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2014	14,306	44,278	–	1,653	323,806	(5,623)	378,420
Total comprehensive loss for the year	–	–	–	–	(2,291)	–	(2,291)
Dividend	–	–	–	–	(27,890)	–	(27,890)
Issue of share capital	1,500	644	74,950	–	–	–	77,094
Credit to equity for equity-settled share based payments	–	–	–	–	2,059	–	2,059
At 31 March 2015	15,806	44,922	74,950	1,653	295,684	(5,623)	427,392

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 £0.3 million (2015: loss of £2.3 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	Fixtures, fittings & office equipment £000	Total £000
Cost				
At 31 March 2015	1,885	18	–	1,903
Additions	298	46	30	374
At 31 March 2016	**2,183**	**64**	**30**	**2,277**
Accumulated depreciation				
At 31 March 2015	(328)	(18)	–	(346)
Charge for the year	(39)	–	(2)	(41)
At 31 March 2016	**(367)**	**(18)**	**(2)**	**(387)**
Net book value				
At 31 March 2016	**1,816**	**46**	**28**	**1,890**
At 31 March 2015	1,557	–	–	1,557

b) Investments in subsidiary companies

	Investment in subsidiary undertakings £000
Cost	
At 31 March 2015	13,157
Additions	2,539
At 31 March 2016	**15,696**

29. NON-CURRENT ASSETS (continued)

b) Investments in subsidiary companies

The Group subsidiaries are all wholly-owned, the Group holds 100% of the voting power and the companies are incorporated, registered and operate in England and Wales. All of the subsidiaries' registered office is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT. The subsidiaries at 31 March 2016 are listed below:

Name of subsidiary	Principal activity
.Big Yellow Self Storage (GP) Limited	General Partner
.Big Yellow Self Storage Company Limited	Self storage
Big Yellow (Battersea) Limited	Self storage
Big Yellow Construction Company Limited	Construction management
Big Yellow Holding Company Limited	Holding Company
Big Yellow Limited Partnership	Self storage
Big Yellow Nominee No 1 Limited	Dormant
Big Yellow Nominee No 2 Limited	Dormant
Big Yellow Self Storage (Chester) Limited	Self storage
Big Yellow Self Storage Company 1 Limited	Dormant
Big Yellow Self Storage Company 2 Limited	Dormant
Big Yellow Self Storage Company 3 Limited	Dormant
Big Yellow Self Storage Company 4 Limited	Dormant
Big Yellow Self Storage Company 6 Limited	Dormant
Big Yellow Self Storage Company 7 Limited	Dormant
Big Yellow Self Storage Company 8 Limited	Self storage
Big Yellow Self Storage Company A Limited	Self storage
Big Yellow Self Storage Company M Limited	Self storage
BYRCo Limited	Property management
BYSSCo A Limited	Self storage
BYSSCo Limited	Self storage
BYSSCo M Limited	Dormant
Last Mile Company Limited	Holding Company
Silicon Investments Limited	Dormant
Speed 8546 Limited	Dormant

In addition the Group has a 100% interest in Pramerica Bell Investment Trust Jersey, a trust registered in Jersey.

The Group has a 20% interest in two associates, and the companies are incorporated, registered and operate in England and Wales. The Company's associates at 31 March 2016 are listed below:

Name of associate	Principal activity
Armadillo Storage Holding Company Limited	Self Storage
Armadillo Storage Holding Company 2 Limited	Self Storage

30. TRADE AND OTHER RECEIVABLES

	31 March 2016 £000	31 March 2015 £000
Amounts owed by Group undertakings	**528,015**	606,001
Prepayments and accrued income	**110**	103
	528,125	606,104

31. TRADE AND OTHER PAYABLES

	31 March 2016 £000	31 March 2015 £000
Current		
Other payables	**2,675**	2,277
Accruals and deferred income	**400**	480
	3,075	2,757

32. BANK BORROWINGS AND FINANCIAL INSTRUMENTS

Interest rate derivatives

The Company has one interest rate swap in place at the year end; £30 million fixed at 2.80% (excluding the margin on the underlying debt instrument) until September 2016. The floating rate at 31 March 2016 was paying a weighted average margin of 1.3% above one month LIBOR, the fixed rate debt was paying a margin of 1.5%. The Group's policy on risk management is set out in the Report on Corporate Governance on page 62 and in note 18.

	31 March 2016 £000	31 March 2015 £000
Bank borrowings	**150,000**	191,000
Unamortised loan arrangement fees	**(1,245)**	(1,253)
	148,755	189,747

Maturity profile of financial liabilities

	2016 Financial liabilities £000	2015 Financial liabilities £000
Between one and two years	**–**	70,000
Between two and five years	**150,000**	121,000
Gross financial liabilities	**150,000**	191,000

The fair value of interest rate derivatives at 31 March 2016 was a liability of £315,000 (2015: liability of £955,000). 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 trade and other payables of £3,075,000 in the current year (2015: £2,757,000), 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 £528,015,000 (2015: £606,001,000), including intercompany interest receivable of £4,249,000 (2015: £5,892,000).

Ten Year Summary

Year ended 31 March 2016

Results	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Revenue	**101,382**	84,276	72,196	69,671	65,663	61,885	57,995	58,487	56,870	51,248
Operating profit before gains and losses on property assets	**59,854**	48,420	39,537	37,454	35,079	32,058	29,068	30,946	29,342	27,067
Cash flow from operating activities	**55,467**	42,397	32,752	30,186	27,388	23,534	19,063	10,203	14,388	16,726
Profit/(loss) before taxation	**112,246**	105,236	59,848	31,876	(35,551)	6,901	10,209	(71,489)	102,618	152,837
Adjusted profit before taxation	**48,952**	39,405	29,221	25,471	23,643	20,207	16,514	13,791	15,006	14,233
Net assets	**829,387**	750,914	594,064	552,628	494,500	544,949	547,285	502,317	580,886	487,979
EPRA earnings per share	**31.1p**	27.1p	20.5p	19.3p	18.2p	15.5p	13.0p	11.9p	11.7p	10.0p
Declared total dividend per share	**24.9p**	21.7p	16.4p	11.0p	10.0p	9.0p	4.0p	0p	9.5p	9.0p
Key statistics										
Number of stores open	**71**	69	66	66	65	62	60	54	48	43
Sq ft occupied (000)	**3,363**	3,178	2,832	2,632	2,458	2,130	1,915	1,775	1,850	1,835
Occupancy increase in year 000 sq ft)	**185**	346	200	174	328	215	140	(75)	15	163
Number of customers	**50,000**	47,250	41,800	38,500	36,300	32,800	30,500	28,500	30,500	30,100
Average no. of employees during the year	**318**	300	289	286	279	273	252	239	218	191

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