Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 September 2016

	Note	**Six months ended 30 September 2016 (unaudited) £000**	Six months ended 30 September 2015 (unaudited) £000	Year ended 31 March 2016 (audited) £000
Revenue	*2*	**54,793**	50,211	101,382
Cost of sales		**(17,023)**	(16,459)	(32,632)
Gross profit		**37,770**	33,752	68,750
Administrative expenses		**(5,178)**	(4,721)	(8,896)
Operating profit before gains and losses on property assets		**32,592**	29,031	59,854
Gain on the revaluation of investment properties	*9a*	**31,577**	34,794	58,001
Gains on surplus land		**–**	–	4,754
Operating profit		**64,169**	63,825	122,609
Share of profit of associates	*9d*	**557**	760	1,104
Investment income – interest receivable	*3*	**213**	203	403
– fair value movement of derivatives	*3*	**–**	482	–
Finance costs – interest payable	*4*	**(6,220)**	(5,655)	(11,866)
– fair value movement of derivatives	*4*	**(971)**	–	(4)
Profit before taxation		**57,748**	59,615	112,246
Taxation	*5*	**(325)**	(200)	(247)
Profit for the period (attributable to equity shareholders)		**57,423**	59,415	111,999
Total comprehensive income for the period attributable to equity shareholders		**57,423**	59,415	111,999
Basic earnings per share	*8*	**36.7p**	38.2p	71.9p
Diluted earnings per share	*8*	**36.5p**	38.0p	71.6p

Adjusted profit before taxation is shown in note 6 and EPRA earnings per share is shown in note 8.

All items in the income statement relate to continuing operations.

Condensed Consolidated Balance Sheet

30 September 2016

	Note	**30 September 2016 (unaudited) £000**	30 September 2015 (unaudited) £000	31 March 2016 (audited) £000
Non-current assets				
Investment property	*9a*	**1,139,786**	1,052,510	1,092,210
Investment property under construction	*9a*	**34,107**	13,670	33,945
Interest in leasehold properties	*9a*	**22,034**	20,426	20,165
Plant, equipment and owner-occupied property	*9b*	**3,484**	3,366	3,405
Goodwill	*9c*	**1,433**	1,433	1,433
Investment in associates	*9d*	**6,772**	6,243	6,406
Capital Goods Scheme receivable	*11*	**4,006**	6,421	6,561
		1,211,622	1,104,069	1,164,125
Current assets				
Surplus land	*10*	**–**	3,341	300
Inventories		**280**	285	266
Trade and other receivables	*11*	**14,368**	13,512	16,222
Cash and cash equivalents		**5,862**	4,603	17,207
		20,510	21,741	33,995
Total assets		**1,232,132**	1,125,810	1,198,120
Current liabilities				
Trade and other payables	*12*	**(29,382)**	(29,866)	(36,122)
Obligations under finance leases		**(1,866)**	(1,739)	(1,722)
Borrowings	*13*	**(2,299)**	(2,189)	(2,243)
		(33,547)	(33,794)	(40,087)
Non-current liabilities				
Derivative financial instruments		**(4,654)**	(3,197)	(3,683)
Borrowings	*13*	**(305,514)**	(275,650)	(306,520)
Obligations under finance leases		**(20,168)**	(18,687)	(18,443)
		(330,336)	(297,534)	(328,646)
Total liabilities		**(363,883)**	(331,328)	(368,733)
Net assets		**868,249**	794,482	829,387
Equity				
Called up share capital		**15,777**	15,729	15,737
Share premium account		**45,480**	45,222	45,227
Reserves		**806,992**	733,531	768,423
Equity shareholders' funds		**868,249**	794,482	829,387

Consolidated Statement of Changes in Equity

Six months ended 30 September 2016 (unaudited)

	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 2016	15,737	45,227	74,950	1,795	692,697	(1,019)	829,387
Total comprehensive income for the period	–	–	–	–	57,423	–	57,423
Issue of share capital	40	253	–	–	–	–	293
Credit to equity for equity-settled share based payments	–	–	–	–	1,149	–	1,149
Dividends	–	–	–	–	(20,003)	–	(20,003)
At 30 September 2016	**15,777**	**45,480**	**74,950**	**1,795**	**731,266**	**(1,019)**	**868,249**

Six months ended 30 September 2015 (unaudited)

	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 income for the period	–	–	–	–	59,415	–	59,415
Issue of share capital	65	300	–	–	–	–	365
Cancellation of treasury shares	(142)	–	–	142	(3,727)	3,727	–
Credit to equity for equity-settled share based payments	–	–	–	–	1,329	–	1,329
Dividends	–	–	–	–	(17,541)	–	(17,541)
At 30 September 2015	15,729	45,222	74,950	1,795	658,682	(1,896)	794,482

Year ended 31 March 2016 (audited)

	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

Consolidated Cash Flow Statement

Six months ended 30 September 2016

	Note	**Six months ended 30 September 2016 (unaudited) £000**	Six months ended 30 September 2015 (unaudited) £000	Year ended 31 March 2016 (audited) £000
Operating profit		**64,169**	63,825	122,609
Gain on the revaluation of investment properties		**(31,577)**	(34,794)	(58,001)
Gains on surplus land		**–**	–	(4,754)
Depreciation	*9b*	**367**	319	663
Depreciation of finance lease obligations	*9a*	**557**	473	967
Employee share options		**1,149**	1,329	2,539
Cash generated from operations (pre-working capital)		**34,665**	31,152	64,023
(Increase)/decrease in inventories		**(14)**	19	38
Decrease in receivables		**3,475**	3,258	369
(Decrease)/increase in payables		**(7,817)**	(3,840)	1,785
Cash generated from operations		**30,309**	30,589	66,215
Interest paid		**(5,740)**	(4,903)	(10,763)
Interest received		**13**	9	15
Cash flows from operating activities		**24,582**	25,695	55,467
Investing activities				
Sale of surplus land		**300**	–	7,835
Acquisition of Lock and Leave (net of cash acquired)	*19*	**(14,239)**	–	–
Purchase of non-current assets		**(2,409)**	(7,645)	(44,509)
Additions to surplus land		**–**	(26)	(66)
Receipt from Capital Goods Scheme		**1,605**	–	184
Dividend received from associates	*9d*	**191**	89	270
Cash flows from investing activities		**(14,552)**	(7,582)	(36,286)
Financing activities				
Issue of share capital		**293**	365	378
Payment of finance lease liabilities		**(557)**	(473)	(967)
Equity dividends paid		**(20,003)**	(17,541)	(36,443)
Repayment of Lloyds bridging loan		**–**	(70,000)	(70,000)
Drawing of M&G loan		**–**	70,000	70,000
(Decrease)/increase in borrowings		**(1,108)**	(4,055)	26,864
Cash flows from financing activities		**(21,375)**	(21,704)	(10,168)
Net (decrease)/increase in cash and cash equivalents	*A*	**(11,345)**	(3,591)	9,013
Opening cash and cash equivalents		**17,207**	8,194	8,194
Closing cash and cash equivalents		**5,862**	4,603	17,207

A. Reconciliation of net cash flow to movement in net debt

Six months ended 30 September 2016

	Six months ended 30 September 2016 (unaudited) £000	Six months ended 30 September 2015 (unaudited) £000	Year ended 31 March 2016 (audited) £000
Net (decrease)/increase in cash and cash equivalents	**(11,345)**	(3,591)	9,013
Cash flow from movement in debt financing	**1,108**	4,055	(26,864)
Change in net debt resulting from cash flows	**(10,237)**	464	(17,851)
Movement in net debt in the period	**(10,237)**	464	(17,851)
Net debt at start of period	**(294,991)**	(277,140)	(277,140)
Net debt at end of period	**(305,228)**	(276,676)	(294,991)

Net debt is gross bank borrowings less cash and cash equivalents, and excluding finance leases.

1. ACCOUNTING POLICIES

Basis of preparation

The results for the period ended 30 September 2016 are unaudited and were approved by the Board on 21 November 2016. The financial information contained in this report in respect of the year ended 31 March 2016 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

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

Valuation of assets and liabilities held at fair value

For those financial instruments held at 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 13. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. The fair value of the Group's outstanding interest rate derivatives has been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 13. Investment Property and Investment Property under Construction have been classified as Level 3. This is discussed further in note 15.

Going concern

A review of the Group's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Chairman's Statement and the Business and Financial Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are shown in the balance sheet, cash flow statement and accompanying notes to the interim statement. Further information concerning the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk can be found in the Strategic Report within the Group's Annual Report for the year ended 31 March 2016.

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

2. SEGMENTAL INFORMATION

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

	Six months ended 30 September 2016 (unaudited) £000	Six months ended 30 September 2015 (unaudited) £000	Year ended 31 March 2016 (audited) £000
Open stores			
Self storage income	**45,856**	41,965	84,900
Other storage related income	**7,800**	7,374	14,568
Ancillary store rental income	**255**	141	354
	53,911	49,480	99,822
Other revenue			
Non-storage income	**448**	325	808
Management fees	**434**	406	752
Revenue per income statement	**54,793**	50,211	101,382
Investment income (see note 3)	**13**	9	15
Total revenue per IAS 18	**54,806**	50,220	101,397

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

Further analysis of the Group's operating revenue and costs can be found in the Portfolio Summary.

The seasonality of the business is discussed in note 18.

3. INVESTMENT INCOME

	Six months ended 30 September 2016 (unaudited) £000	Six months ended 30 September 2015 (unaudited) £000	Year ended 31 March 2016 (audited) £000
Bank interest receivable	**13**	9	15
Unwinding of discount on Capital Goods Scheme receivable	**200**	194	388
Total interest receivable	**213**	203	403
Fair value movement on derivatives	**–**	482	–
Total investment income	**213**	685	403

4. FINANCE COSTS

	Six months ended 30 September 2016 (unaudited) £000	Six months ended 30 September 2015 (unaudited) £000	Year ended 31 March 2016 (audited) £000
Interest on bank borrowings	**5,750**	5,449	11,187
Capitalised interest	**–**	(258)	(247)
Interest on finance lease obligations	**470**	464	926
Total interest payable	**6,220**	5,655	11,866
Change in fair value of interest rate derivatives	**971**	–	4
Total finance costs	**7,191**	5,655	11,870

5. TAXATION

The Group converted to a REIT in January 2007. As a result, the Group does not pay UK corporation tax on the profits and gains from its qualifying rental business in the UK 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.

	Six months ended 30 September 2016 (unaudited) £000	Six months ended 30 September 2015 (unaudited) £000	Year ended 31 March 2016 (audited) £000
Current tax:			
– Current year	**325**	200	247
– Prior year	**–**	–	–
	325	200	247

6. ADJUSTED PROFIT BEFORE TAX

	Six months ended 30 September 2016 (unaudited) £000	Six months ended 30 September 2015 (unaudited) £000	Year ended 31 March 2016 (audited) £000
Profit before tax	**57,748**	59,615	112,246
Gain on revaluation of investment properties – Group	**(31,577)**	(34,794)	(58,001)
Share of gain on revaluation of investment properties – associates (net of deferred tax)	**(267)**	(450)	(566)
Change in fair value of interest rate swaps – Group	**971**	(482)	4
Share of change in fair value of interest rate swaps – associates	**54**	(5)	23
Acquisition costs written off	**296**	–	–
Prior period VAT recovery	**(328)**	–	–
Share of associate acquisition costs written off	**61**	–	–
Gains on surplus land	**–**	–	(4,754)
Adjusted profit before tax	**26,958**	23,884	48,952

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

7. DIVIDENDS

	Six months ended 30 September 2016 (unaudited) £000	Six months ended 30 September 2015 (unaudited) £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2016 of 12.8p (2015: 11.3p) per share	**20,003**	17,541
Proposed interim dividend for the year ending 31 March 2017 of 13.5p (2016: 12.1p) per share	**21,155**	18,850

The proposed interim dividend of 13.5 pence per ordinary share will be paid to shareholders on 6 January 2017. The ex-div date is 8 December 2016 and the record date is 9 December 2016. The interim dividend is all Property Income Dividend.

8. EARNINGS PER ORDINARY SHARE

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

	Six months ended 30 September 2016 (unaudited)			Six months ended 30 September 2015 (unaudited)			Year ended 31 March 2016 (audited)		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	**57.4**	**156.3**	**36.7**	59.4	155.4	38.2	112.0	155.8	71.9
Dilutive share options	**–**	**1.1**	**(0.2)**	–	1.1	(0.2)	–	0.7	(0.3)
Diluted	**57.4**	**157.4**	**36.5**	59.4	156.5	38.0	112.0	156.5	71.6
Adjustments:									
Gain on revaluation of investment properties	**(31.6)**	**–**	**(20.1)**	(34.8)	–	(22.3)	(58.0)	–	(37.1)
Change in fair value of interest rate derivatives	**1.0**	**–**	**0.6**	(0.5)	–	(0.3)	–	–	–
Gains on surplus land	**–**	**–**	**–**	–	–	–	(4.8)	–	(3.1)
Acquisition costs written off	**0.3**	**–**	**0.2**	–	–	–	–	–	–
Prior period VAT recovery	**(0.3)**	**–**	**(0.2)**	–	–	–	–	–	–
Share of associates' non-recurring gains	**(0.2)**	**–**	**(0.1)**	(0.4)	–	(0.3)	(0.5)	–	(0.3)
EPRA – diluted	**26.6**	**157.4**	**16.9**	23.7	156.5	15.1	48.7	156.5	31.1
EPRA – basic	**26.6**	**156.3**	**17.0**	23.7	155.4	15.3	48.7	155.8	31.3

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

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

9. NON-CURRENT ASSETS

a) Investment property

	Investment property £000	Investment property under construction £000	Interests in leasehold properties £000	Total £000
At 1 April 2016	1,092,210	33,945	20,165	1,146,320
Additions	15,387	774	1,871	18,032
Adjustment to present value	–	–	555	555
Revaluation	32,189	(612)	–	31,577
Depreciation	–	–	(557)	(557)
At 30 September 2016	**1,139,786**	**34,107**	**22,034**	**1,195,927**

Capital commitments at 30 September 2016 were £nil (31 March 2016: £2.9 million). Additions to the interests in leasehold properties relate to the leasehold at Twickenham 2, acquired from Lock and Leave during the period.

b) Plant, equipment and owner-occupied property

	Freehold property £000	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings and office equipment £000	Total £000
Cost						
At 1 April 2016	2,183	101	592	25	1,498	4,399
Additions	–	–	127	26	293	446
Disposal	–	–	–	(26)	–	(26)
Retirement of fully depreciated assets	–	–	(23)	–	(319)	(342)
At 30 September 2016	**2,183**	**101**	**696**	**25**	**1,472**	**4,477**
Accumulated depreciation						
At 1 April 2016	(367)	(52)	(197)	(25)	(353)	(994)
Charge for the period	(21)	(1)	(58)	(1)	(286)	(367)
Disposals	–	–	–	26	–	26
Retirement of fully depreciated assets	–	–	23	–	319	342
At 30 September 2016	**(388)**	**(53)**	**(232)**	**–**	**(320)**	**(993)**
Net book value						
At 30 September 2016	**1,795**	**48**	**464**	**25**	**1,152**	**3,484**
At 31 March 2016	1,816	49	395	–	1,145	3,405

c) Goodwill

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

9. NON-CURRENT ASSETS (continued)

d) Investment in associates

Armadillo Partnerships

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

	Armadillo 1			Armadillo 2		
	30 September 2016 (unaudited) £000	30 September 2015 (unaudited) £000	31 March 2016 (audited) £000	**30 September 2016 (unaudited) £000**	30 September 2015 (unaudited) £000	31 March 2016 (audited) £000
At the beginning of the period	**4,173**	3,638	3,638	**2,233**	1,934	1,934
Share of results (see below)	**273**	240	718	**284**	520	386
Dividends	**(104)**	(89)	(183)	**(87)**	–	(87)
At the end of the period	**4,342**	3,789	4,173	**2,430**	2,454	2,233

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.

On 27 October 2016, Armadillo 1 declared an interim dividend of £572,000 and Armadillo 2 declared an interim dividend of £456,000, of which the Group's share is £114,000 and £91,000 respectively.

9. NON-CURRENT ASSETS (continued)

d) Investment in associates

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

	Armadillo 1			Armadillo 2		
	Six months ended 30 September 2016 (unaudited) £000	Six months ended 30 September 2015 (unaudited) £000	Year ended 31 March 2016 (audited) £000	**Six months ended 30 September 2016 (unaudited) £000**	Six months ended 30 September 2015 (unaudited) £000	Year ended 31 March 2016 (audited) £000
Income statement (100%)						
Revenue	**3,098**	2,427	4,829	**2,088**	2,045	4,139
Cost of sales	**(1,606)**	(1,262)	(2,560)	**(925)**	(876)	(1,954)
Administrative expenses	**(34)**	(38)	(77)	**(50)**	(56)	(97)
Operating profit	**1,458**	1,127	2,192	**1,113**	1,113	2,088
Gain on the revaluation of investment properties	**639**	385	2,340	**986**	2,430	1,111
Net interest payable	**(350)**	(259)	(514)	**(387)**	(390)	(688)
Acquisition costs written off	**(303)**	–	–	**–**	–	–
Fair value movement of interest rate derivatives	**(98)**	22	(9)	**(173)**	4	(104)
Current and deferred tax	**20**	(77)	(421)	**(120)**	(558)	(478)
Profit attributable to shareholders	**1,366**	1,198	3,588	**1,419**	2,599	1,929
Dividends paid	**(520)**	(447)	(916)	**(434)**	–	(434)
Retained profit	**846**	751	2,672	**985**	2,599	1,495
Balance sheet (100%)						
Investment property	**39,442**	30,752	32,825	**25,979**	25,848	24,825
Interest in leasehold properties	**–**	–	–	**3,668**	4,082	3,809
Other non-current assets	**1,552**	1,014	1,015	**1,487**	1,491	1,490
Current assets	**823**	1,057	888	**2,995**	1,089	845
Current liabilities	**(1,613)**	(1,533)	(1,193)	**(1,663)**	(1,980)	(1,840)
Derivative financial instruments	**(305)**	(175)	(207)	**(312)**	(31)	(139)
Non-current liabilities	**(18,188)**	(12,171)	(12,463)	**(20,004)**	(18,230)	(17,825)
Net assets (100%)	**21,711**	18,944	20,865	**12,150**	12,269	11,165
Group share (20%)						
Operating profit	**292**	225	439	**222**	223	418
Gain on the revaluation of investment properties	**128**	77	468	**197**	486	222
Net interest payable	**(70)**	(51)	(103)	**(77)**	(78)	(138)
Acquisition costs written off	**(61)**	–	–	**–**	–	–
Fair value movement of interest rate derivatives	**(20)**	4	(2)	**(34)**	1	(21)
Current and deferred tax	**4**	(15)	(84)	**(24)**	(112)	(95)
Profit attributable to shareholders	**273**	240	718	**284**	520	386
Dividends paid	**(104)**	(89)	(183)	**(87)**	–	(87)
Retained profit	**169**	151	535	**197**	520	299
Associates' net assets	**4,342**	3,789	4,173	**2,430**	2,454	2,233

The investment property is carried at Directors' valuation. The prior year 30 September 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 period net assets or profit.

10. SURPLUS LAND

	£000
At 1 April 2016	300
Disposal	(300)
At 30 September 2016	**–**

The surplus land was sold at book value during the period.

11. TRADE AND OTHER RECEIVABLES

	30 September 2016 (unaudited) £000	30 September 2015 (unaudited) £000	31 March 2016 (audited) £000
Current			
Trade receivables	**3,431**	3,848	3,050
Capital Goods Scheme receivable	**3,978**	2,996	2,866
Other receivables	**213**	68	241
Prepayments and accrued income	**6,746**	6,600	10,065
	14,368	13,512	16,222
Non-current			
Capital Goods Scheme receivable	**4,006**	6,421	6,561

12. TRADE AND OTHER PAYABLES

	30 September 2016 (unaudited) £000	30 September 2015 (unaudited) £000	31 March 2016 (audited) £000
Current			
Trade payables	**5,722**	7,536	10,453
Other payables	**8,503**	8,143	10,592
Accruals and deferred income	**15,157**	14,187	15,077
	29,382	29,866	36,122

13. BORROWINGS

	30 September 2016 (unaudited) £000	30 September 2015 (unaudited) £000	31 March 2016 (audited) £000
Aviva mortgage	**2,299**	2,189	2,243
Current borrowings	**2,299**	2,189	2,243
Aviva mortgage	**88,791**	91,090	89,955
M&G mortgage	**70,000**	70,000	70,000
Bank borrowings	**150,000**	118,000	150,000
Unamortised debt arrangement costs	**(3,277)**	(3,440)	(3,435)
Non-current borrowings	**305,514**	275,650	306,520
Total borrowings	**307,813**	277,839	308,763

The Group does not hedge account for its interest rate swaps and states them at fair value, with changes in fair value included in the income statement. The loss in the income statement for the period of these interest rate swaps was £971,000 (2015: gain of £482,000). At 30 September 2016 the Group and the Armadillo Partnerships were in compliance with all loan covenants.

14. ADJUSTED NET ASSETS PER SHARE

	30 September 2016 (unaudited) £000	30 September 2015 (unaudited) £000	31 March 2016 (audited) £000
Basic net asset value	**868,249**	794,482	829,387
Exercise of share options	**884**	718	700
EPRA NNNAV	**869,133**	795,200	830,087
Adjustments:			
Fair value of derivatives	**4,654**	3,197	3,683
Fair value of derivatives – share of associates	**123**	41	69
Share of deferred tax on revaluations in associates	**631**	538	573
EPRA NAV	**874,541**	798,976	834,412
Basic net assets per share (pence)	**554.3**	510.0	530.8
EPRA NNNAV per share (pence)	**548.6**	503.5	525.5
EPRA NAV per share (pence)	**552.0**	505.9	528.3
EPRA NAV (£000)	**874,541**	798,976	834,412
Valuation methodology assumption (£000) (see note 15)	**66,674**	48,028	64,560
Adjusted net asset value (£000)	**941,215**	847,004	898,972
Adjusted net assets per share (pence)	**594.1**	536.4	569.1

14. ADJUSTED NET ASSETS PER SHARE (continued)

	No. of shares	No. of shares	No. of shares
Shares in issue	**157,765,696**	157,287,061	157,369,287
Own shares held in EBT	**(1,122,907)**	(1,500,000)	(1,122,907)
Basic shares in issue used for calculation	**156,642,789**	155,787,061	156,246,380
Exercise of share options	**1,797,279**	2,132,912	1,707,743
Diluted shares used for calculation	**158,440,068**	157,919,973	157,954,123

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

Adjusted net assets per share include:

- the effect of those shares issuable under employee share option schemes; and
- the effect of alternative valuation methodology assumptions (see note 15).

15. VALUATIONS OF INVESTMENT PROPERTY

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

The freehold and leasehold investment properties have been valued at 30 September 2016 by the Directors. The valuation has been carried out in accordance with the same methodology as the year end valuations prepared by Cushman & Wakefield LLP. Please see the accounts for the year ended 31 March 2016 for details of this methodology.

The Directors' valuations reflect the latest cash flows derived from each of the stores at the end of September. In performing the valuation, the Directors consider that the core assumptions underpinning the valuations including the stabilised occupancy assumptions used, rental growth, and discount rates used by C&W in the March 2016 valuations, are still appropriate at the September valuation date.

Valuation assumption for purchaser's costs

The Group's investment property assets have been valued for the purposes of the financial statements after deducting notional purchaser's cost of circa 6.1% to 6.8% of gross value, as if they were sold directly as property assets. The valuation is an asset valuation 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 costs and an allowance for central administration costs. Sale in a corporate structure would result in a reduction in the assumed Stamp Duty Land Tax but an increase in other transaction costs, reflecting additional due diligence, resulting in a reduced notional purchaser's cost of 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. The Directors have therefore carried out a valuation on the above basis, and this results in a higher property valuation at 30 September 2016 of £1,240.0 million (£66.0 million higher than the value recorded in the financial statements). The valuations in the Armadillo Partnerships are £3.7 million higher than the value recorded in the financial statements, of which the Group's share is £0.7 million. The sum of these is £66.7 million and translates to 42.1 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 14).

16. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES

The table below sets out the categorisation of the financial instruments held by the Group at 30 September 2016. Where the financial instruments are held at fair value the valuation level indicates the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuations categorised as Level 2 are obtained from third parties. If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety.

	Valuation level	30 September 2016 (unaudited) £000
Interest rate derivatives	2	(4,654)

17. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

AnyJunk Limited

James Gibson is a Non-Executive Director and shareholder in AnyJunk Limited, and Adrian Lee is a shareholder in AnyJunk Limited. During the period AnyJunk Limited provided waste disposal services to the Group on normal commercial terms amounting to £12,000.

Transactions with Armadillo

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

	30 September 2016 (unaudited) £000	30 September 2015 (unaudited) £000	31 March 2016 (audited) £000
Fees earned from Armadillo 1	**306**	208	414
Fees earned from Armadillo 2	**128**	152	291
Balance due from Armadillo 1	**73**	138	103
Balance due from Armadillo 2	**20**	24	89

18. RISKS AND UNCERTAINTIES

The operational risks facing the Group for the remaining six months of the financial year are consistent with those outlined in the Annual Report for the year ended 31 March 2016. The outlook for the housing market and the economy is more uncertain than in March 2016 following the Brexit vote, but the risk mitigating factors listed in the 2016 Annual Report are still appropriate.

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

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

There is a risk that our customers may default on their rent payments, however we have not seen an increase in bad debts over the past few years. We have 53,000 customers and this, coupled with the diversity of their reasons for using storage, mean the risk of individual tenant default to Big Yellow is low. 83% of our customers pay by direct debit and we take a deposit from all customers. Furthermore, we have a right of lien over customers' goods, so in the ultimate event of default, we are able to auction the goods to recover the debts.

19. ACQUISITION OF LOCK AND LEAVE

On 28 April 2016 the Group acquired the entire share capital and hence control of three companies from the Lock and Leave Group – Lock and Leave Limited, Kator Storage Limited and Lock and Leave (Twickenham) Limited ("the Companies"), for a property value of £14.6 million. The net consideration is shown below. The Companies owned two self storage centres in London.

To determine the assets and liabilities acquired at the date of completion of the Companies, the Group has used the balance sheet at the date of acquisition. The following provides a breakdown of the fair value of the assets and liabilities acquired. The investment property was carried at cost in the companies' balance sheets, and hence the fair value adjustment shown below is to increase the carrying amount to open market valuation.

	Book value £000	Adjustments £000	Fair value £000
Non-current assets	5,792	8,808	**14,600**
Current assets	950	–	**950**
Current liabilities	(697)	–	**(697)**
Non-current liabilities	(176)	–	**(176)**
Net assets (100%)	5,869	8,808	**14,677**

	£000
Purchase consideration	**14,677**
Purchase consideration paid	**14,677**
Cash held in Companies acquired	**(438)**
Cash outflow on acquisition	**14,239**