Directors, Officers and Advisors

Executive Directors

Nicholas Vetch, aged 54, 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 taken over by Grantchester Properties plc in 1998. He is also a Non-Executive Director of Local Shopping REIT plc.

James Gibson, aged 54, Chief Executive Officer, is a co-founder of Big Yellow in September 1998. He is a Chartered Accountant 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 taken over by Grantchester Properties plc in 1998. He is also a Non-Executive Director and shareholder of AnyJunk Limited, and a member of the Development Board of the London Children's Ballet.

Adrian Lee, aged 49, 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 37, 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 64, 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 advisor 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 Advisor 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, and is Chairman of the Remuneration and Nomination Committees, and the Senior Independent Director.

Richard Cotton, aged 59, 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 Hansteen Holdings plc. Richard joined the Board in July 2012.

Georgina Harvey, aged 50, 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 McColl's Retail Group plc. She joined the Board in July 2013.

Steve Johnson, aged 51, 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 joined the Board in September 2010.

Mark Richardson, aged 58, 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 co-opted member of the Audit and Risk Committee of the Natural History Museum, 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.

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 advisors 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 2015. The Report on Corporate Governance on pages 58 to 61 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 11.3 pence per share for the year (2014: 8.4 pence per ordinary share). An interim dividend of 10.4 pence per share was paid in the year (2014: 8 pence per share).

A property income dividend of 16.1 pence is payable for the year, of which 10.4 pence per share was paid with the interim dividend, and 5.7 pence per share was proposed for the final dividend.

Subject to approval by shareholders at the Annual General Meeting to be held on 21 July 2015, the final dividend will be paid on 23 July 2015. The Ex-div date is 11 June 2015 and the Record date is 12 June 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 off-site 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	2011**	2012	2013	2014	2015
Total Scope 1 and 2 GHG Emissions (tCO_2e)	6,879.5	6,283.6	6,470.0	5,681.8	**4,908.0**
Scope 3 Electricity Transmission Losses	544	525	501	445	**417**
Kg CO_2e/Annual Revenue (£)	0.11	0.10	0.09	0.08	**0.06**
Kg CO_2e/Customer Occupancy (m^2)	32.0	26.0	26.5	22.6	**17.3**

* Our materiality threshold for carbon emissions is > 1%.
** Reductions of GHG emissions following the Peak Energy Use/Baseline year (2011) have been restated using the more accurate DEFRA/DECC conversion factors, revised from 5 year, to 1 year, rolling averages.

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 in treasury and 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 58.

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 641,877 shares to satisfy the exercise of share options (2014: 421,500).

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 54.

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 2015 and 18 May 2015.

	No. of ordinary shares 31 March 2015	Percentage of voting rights and issued share capital 31 March 2015	No. of ordinary shares 18 May 2015	Percentage of voting rights and issued share capital 18 May 2015
Cohen & Steers Inc	12,689,564	8.1%	13,073,943	8.3%
Blackrock Inc	11,032,565	7.0%	11,042,722	7.0%
Old Mutual Plc	9,485,313	6.1%	9,395,078	6.0%
Standard Life Investments	6,082,913	3.9%	6,082,913	3.9%
PGGM Investments	5,380,776	3.4%	5,380,776	3.4%
State Street Global Advisors Limited	4,973,460	3.2%	4,952,931	3.2%

The interest of the Directors in the share capital of the Company is shown on page 81 of the Remuneration Report.

Purchase of own shares

The Company was granted authority at the AGM in 2014 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.

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
Secretary
18 May 2015

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 2010 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 2015, the Company has been in compliance with the Code provisions set out in section 1 of the 2010 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.

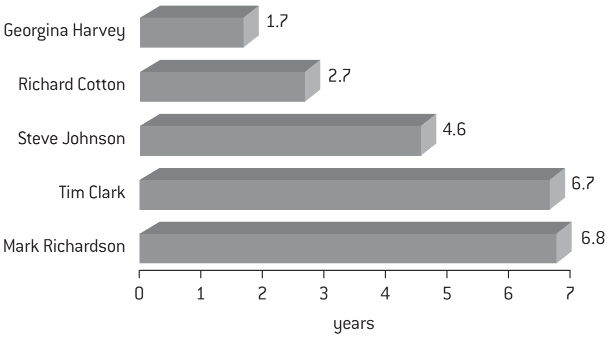
All of the Non-Executive Directors bring considerable knowledge, judgement and experience to Board deliberations. Non-Executive Directors do not participate in any of the Company's share option or bonus schemes and their service is non-pensionable. The Non-Executive Directors are encouraged to communicate 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 2015 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 advisors 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

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 advisors and auditors 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 open stores.

Evaluation

The Board conducts an annual review of its performance and of its Committees to ensure they are operating effectively. During the prior year an external evaluation of the Board was carried out. The Board intends to carry out an externally facilitated review 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. During the year, the Chairman evaluated the performance of the 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.

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 18 to 40. The financial position of the Group, including its cash flow, liquidity, and committed debt facilities are discussed in the Financial Review on pages 32 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.

REMUNERATION

The information on remuneration is included in the Remuneration Reports on pages 64 to 83.

AUDIT COMMITTEE AND AUDITORS

A Separate Audit Committee Report starts on page 84 and provides details of the role and activities of the Committee and its relationship with the external auditors.

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 2015, the Chief Executive and other Executive Directors carried out 142 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.

SHARE CAPITAL

Detail on the share capital structure is provided in the Directors' Report on page 55.

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 regularly 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 the prior year, 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 reporting 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.

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

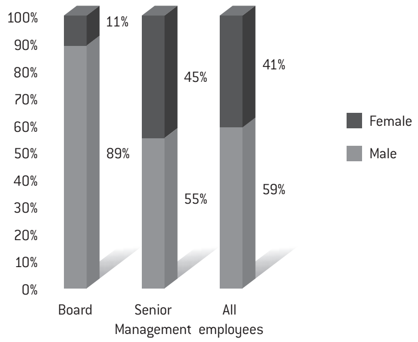
Succession planning
The Board comprises a team of four Executive Directors, two of whom were co-founders of the Company, complemented by Non-Executive Directors who have wide business experience and skills as well as a detailed understanding of the Group's philosophy and strategy. Continuity of experience and knowledge, particularly of self storage, within the executive team is particularly important in a focused 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 does not consider that quotas are appropriate for its representation 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):



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 54.

Tim Clark
Nominations Committee Chairman
18 May 2015

INTRODUCTION

This report is on the activities of the Remuneration Committee for the period from 1 April 2014 to 31 March 2015. It sets out the remuneration policy 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 Reports) Regulations 2008 (as amended) (the "Regulations").

The report is divided into three main areas:

> the annual statement by the Remuneration Committee Chairman;
> the report on Directors' Remuneration 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 Directors' remuneration policy report 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 2015. 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 2015

The business conditions and performance of the Group in the year ended 31 March 2015 are described more fully in the Chairman's Statement on pages 16 and 17 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 sixth year in a row;
> revenue, cash flow and adjusted profit before tax increased by 17%, 29% and 35% respectively;
> occupancy was increased by 5.3%;
> the Group completed the acquisition of the two thirds of Big Yellow Limited Partnership it did not previously own; and
> dividends are being increased by 32%.

Over the past three years, the Group's revenue has increased by 28%, with adjusted eps increasing by 49% and dividends declared by 117%.

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.

As a result, a substantial element of the remuneration of the Executive Directors – up to 71% of their potential total remuneration for the next financial year – is structured to be dependent on the performance of the Company.

The Company 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. Remuneration consists of 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 Remuneration Committee is also concerned to ensure that the Executive Directors have significant interests in the shares of the Company. Each Executive Director has an interest in shares with a value in excess of two times his base salary and, together, and including share incentives, the Executive Directors are interested in shares comprising approximately 9.3% of the share capital of the Company.

In the view of the Remuneration Committee, the success of the remuneration policy has been reflected in the length of service and stability of the Executive Director team and the progress of the Company over a number of years, including the recent years of significant and challenging economic slowdown. Two of the Executive Directors were founders of the Company while the other two have been Executive Directors for 16 years and eight years respectively.

The Committee noted last year that it was concerned about the total remuneration levels of the Executive Directors when compared with other FTSE 250 companies. In the light of this, and the impending expiry of the vesting period for the 2012 awards under the Long Term Bonus Performance Plan, the Remuneration Committee has reviewed executive remuneration during the year ended 31 March 2015. The Committee appointed PwC to benchmark the Executive Directors' salaries against a comparable peer group.

The findings of the remuneration review highlighted to the Committee the following:

1. **Total remuneration "gap" to market –** the current remuneration opportunity for Executive Directors is positioned very conservatively, below the lower quartile of other FTSE 250 companies.
2. **Alignment with the business strategy –** our strategic business plan is designed to deliver long-term sustainable, profitable growth and this should be reflected in the performance measures on the LTIP. The Committee concluded that the focus solely on relative TSR against the FTSE Real Estate Index in the current LTIP (with an EPS underpin) is not sufficiently aligned with the business strategy.
3. **Corporate governance best practice –** the Committee is keen to adopt the emerging best practice corporate governance requirements around executive remuneration, including simplification of equity-based incentives, and the wider introduction of clawback and malus provisions (the 2014 LTIP includes clawback provisions).

Changes proposed

2015 Long Term Bonus Performance Plan

In order to address these issues, the Committee wishes to develop a remuneration structure which is focussed around pay for performance to ensure that any increase in reward for Executive Directors is aligned to the value being delivered to shareholders. Hence, it is proposed, subject to shareholder approval, that the remuneration gap is addressed by developing our Long Term Bonus Performance Plan structure which only delivers increased rewards to Executive Directors when the Company has delivered year-on-year corporate performance in line with its business plans.

The Long Term Bonus Performance Plan was first introduced in 2009 to bring overall levels of remuneration towards mid-market levels but maintaining the desire to ensure there was a strong performance-based culture within the organisation. Since the inception of the plan, the scheme has helped to align remuneration of the Executive Directors to the performance of the stores and value created to shareholders.

The market benchmarking against other FTSE 250 companies of a comparable size to Big Yellow has indicated that current arrangements for the executives are well below lower quartile, which allows scope for incentive levels to be increased without creating a high pay environment.

We seek approval from shareholders on the proposed new LTBPP. The table below details the proposed changes compared with the current LTBPP (further details of the new LTBPP are provided in our Notice of AGM):

Key change	Description
Quantum of awards	Currently, the maximum award levels do not exceed c.330% of base salary for executives over the three year performance period. The proposal is to increase the total quantum of the one-off 2015 award to 4 x 450% of base salary across the four Executive Directors, over the same (i.e. 3 year) performance period. Each individual Director will have the opportunity to be awarded a maximum of 675% of base salary, so long as the total maximum of 4 x 450% base salary is not exceeded. This brings the Company's overall package more in line with the market range. See below for details of the proposed 2015 award.
Removal of the Joint Ownership Structure (JOS)	This structure gave the Executive Directors the opportunity to receive part of their award in a tax efficient manner by acquiring an interest in the underlying shares jointly with the EBT. It is not proposed to provide this opportunity for the 2015 award, but to simplify the structure and reduce the administrative burden.
Remove the "cap" structure (reducing dilution)	Although the LTBPP is expressed as an award over a number of shares, the actual value received by the participants was capped at a value of £2 per share, which resulted in a highly dilutive mechanism. The proposal is to remove the £2 capped value for the 2015 LTBPP and, instead, the incentive value will be articulated as a "maximum" award as a % of salary, rather than as a maximum number of shares. This has no impact on the commercial value of the awards. Removing the cap will eradicate the need for the Company to hold the initial shares under consideration, increasing the efficiency of the share usage of the Company and decreasing the dilution of the award.
Remove the "cash top-up"	Under the 2012 award, if the value in the share interests is not enough to cover the value of the award, there is a cash "top-up". This is intended to remove the risk for executives as it effectively ensures a guaranteed minimum level of payout (as long as Company share price remains above £1). The proposal is to remove the cash "top-up" from the new LTBPP in order to simplify the incentive structure, and also to act as a trade-off from the Company with respect to the proposed increase in incentive opportunity. Removing the cash top up, given the current share price, would have minimal impact on participants and will increase the pay for performance alignment.

Key change	Description
Adopt governance best practice	It is proposed to bring the plan in line with emerging UK corporate governance best practice. It is proposed that the new LTBPP will incorporate clawback and malus provisions (the 2014 LTIP included malus provisions when renewed last year). It is proposed to retain the two year holding period post vesting. This is in line with the prevailing shareholder sentiment of longer holding and vesting periods.

The Committee sets the performance targets annually, on the basis of business objectives and priorities which it has identified. The performance conditions are not disclosed for the year ahead, given the commercially sensitive nature of a number of the targets. A report on performance targets for the year under review (other than those which remain commercially sensitive) is provided in the Annual Report relating to that year.

2015 Awards proposed to be made under the 2015 LTBPP

The table below shows the maximum award value under the 2015 LTBPP for each executive director (subject to the satisfaction of performance conditions) at the end of the three year performance period. This amount is then converted into shares at the prevailing share price (delivered as nil-cost options). Subject to shareholder approval, it is proposed that the 2015 Awards will be made shortly after the AGM.

Executive Director	Role	Maximum award value after three years	Maximum award value at vesting as % of 2015/16 salary
Nicholas Vetch	Executive Chairman	£996,900	377%
James Gibson	Chief Executive Officer	£1,440,000	496%
Adrian Lee	Operations Director	£996,900	464%
John Trotman	Chief Financial Officer	£996,900	464%
Total		£4,430,700	

Long Term Incentive Plan

Our focus on ensuring alignment with our business strategy is reflected by the proposed change to our LTIP performance measures, with EPS governing 70% of the award and 30% relative TSR (previously the award was wholly determined by relative TSR against the FTSE Real Estate Index with an EPS underpin). The Committee will ensure that the payouts under the LTIP are provided only when the Company hits stretching EPS conditions (with 100% vesting at RPI plus 8% over a three year period), and stretching TSR conditions. This provides alignment to our core strategic priorities of delivering on our growth opportunities and conversion of our competitive advantages into quality earnings.

We will seek approval from our shareholders at the 2015 AGM for the adoption of the revised vesting criteria of 70% related to EPS performance and 30% related to relative TSR performance. The previous vesting criteria was 100% based on relative TSR performance with an EPS hurdle.

Shareholders will note that the individual limit under the plan is 200% of base salary. The Committee has determined that this increased limit will not form part of the Directors' remuneration policy to be adopted at the 2015 AGM.

Pension contributions

The Committee has noted that a pension contribution of 10% of each Executive Director's base salary is below market. The Committee has therefore increased the maximum annual pension payment to 20% of base salary. The planned payment for the year ended 31 March 2016 is 15% of each Executive Director's salary.

The Committee has increased the minimum shareholding requirement of the Executive Directors from 100% of base salary to 200% of base salary.

The Committee is mindful of the current climate around executive pay and guidance from shareholder bodies against upwards pay ratcheting, and has designed these changes with this in mind. The views of the Company's shareholders are very important to the Remuneration Committee (and the Board). The Committee has actively consulted its major shareholders on the proposed remuneration policy outlined in this report.

Full details of the remuneration policy for the Directors of the Company are set out in the Directors Remuneration Policy section of the Directors' Remuneration Report.

Remuneration changes during the year

During the year ended 31 March 2015, the aggregate remuneration of the Executive Directors (calculated on the basis of the remuneration regulations introduced in 2013) increased from £1,751,000 to £5,593,000 – an increase of 219%. The increase is due to the vesting of the 2011 LTIP during the year which produced a gain to the Executive Directors of £1,469,000, and the assessment of the three year LTBPP which produced a gain to the Executive Directors of £2,910,000. The 2010 LTIP tested in the prior year, partly vested, producing a lower gain than in the current year to the Executive Directors. This increase compares with significant increases in the year in adjusted profit before tax (35%), adjusted EPS (32%) and declared dividends (32%).

Within the overall figure for Executive Director remuneration, the detailed changes were:

> **Base salary:** increased by £35,000 (3.8%) – of which the main change was an increase to the salary of one Director to reflect his progress in the role; the other increases were 2%.

> **Taxable benefits:** decreased by £350 (2%).

> **Annual bonus:** increased to 12.5% of base salary from 10% of base salary in the prior year (being in line with the average for all staff of the Company) and increased by £27,000 (30%).

> **Pension contributions:** remained at 10% of base salary and increased, as a result of the increase in base salaries, by £3,500 (3.8%).

> **Sharesave Scheme:** two Directors' Sharesave scheme vested in the year, producing a gain of £30,000 (2014: £10,000).

> **Long term incentives:** following the application of the performance conditions (EPS growth compared to RPI and relative TSR), the 2011 award of shares granted under the LTIP vested as to 100% (representing a total gain of £1,470,000). As in the previous year, each of the Executive Directors was granted an award equal to 100% of his base salary (or average salary) subject to performance conditions. The value of these awards was £954,000 – an increase of £35,000 (3.8%) No awards under the LTBPP were made in the year (2014: no awards). The Remuneration Committee reviewed the performance targets for the year and concluded that the awards under the Plan granted in 2012 have vested as to 100% in respect of the year ended 31 March 2015. The final determination of the vesting for the whole three year period of the LTBPP has been determined against performance conditions in the period 2012 to 2015 at 97%.

In considering the relative importance of the spend on pay see page 83:

> **Total employee pay:** increased by 18% (and amounted to £13.1 million).

> **Profit distributed by way of dividend:** increased by 42% (and amounted to £27.9 million).

> **Retained profit for the year:** increased by 94% (and amounted to £77.7 million).

More details of the changes in the remuneration of the Directors in the year ended 31 March 2015 are set out in the Annual Report on Remuneration section of the Remuneration Report.

Recommendation

The Remuneration Committee has carefully considered the policy on executive remuneration and the implementation of the approach underlying that policy during the year ended 31 March 2015 and recommends this Remuneration Report to you.

I hope that, at the Annual General meeting in July, you will support:

> the binding resolution on the revised remuneration policy set out in the Remuneration Policy Report section of this Remuneration Report;

> 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; and

> the resolution to approve the adoption of the 2015 Long Term Bonus Performance Plan and the 2015 awards to Executive Directors thereunder.

Tim Clark
Chairman of the Remuneration Committee

REPORT ON DIRECTORS' REMUNERATION POLICY

This section of the Remuneration Report contains details of the Company's Directors' Remuneration Policy which will govern the Company's approach to remuneration. Following a remuneration review conducted by the Committee, a revised Remuneration Policy is being proposed which will be put to shareholders for approval at the Company's AGM on 21 July 2015. If approved, the policy will be applicable from that date until the date of the Company's 2018 AGM, 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.

As a result, a substantial element of the remuneration of the Executive Directors is structured to be dependent on the performance of the Company. The policy aims to support a performance culture where there is appropriate reward for the achievement of strong Company performance without creating incentives which will encourage excessive risk-taking or unsustainable Company performance.

The Committee's aim is to design a total package that rewards the Executive Directors to a median level that is appropriate for the size and nature of the business, and its business strategy. 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 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 four times during the year.

Statement of consideration of shareholders' views

The views of our shareholders are very important to us and the Committee and we have actively consulted with our major shareholders to help formulate our amended Remuneration Policy and arrangements proposed in this report.

Any consultations on remuneration with shareholders and institutional investors will usually be led by the Chairman of the Remuneration Committee.

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 Remuneration Policy, the Remuneration Committee chairman will inform major shareholders in advance, and will offer a meeting to discuss these.

Shareholder voting

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 2014 Remuneration Report and the binding vote on the Remuneration Policy at the AGM held on 16 July 2014.

	Votes for	%	Votes against	%	Votes withheld
2014 Remuneration Report	101,289,643	99.45	547,449	0.54	1,953
2014 Remuneration Policy	101,536,726	99.72	271,900	0.27	30,419

Policy table

The main components of the Directors' Remuneration Policy, and how they are linked to and support the Company's business strategy, which will take effect subject to approval from shareholders at the AGM on 21 July 2015, are summarised below:

Executive Directors

	Purpose and link to strategy	Operation	Maximum potential value	Performance conditions and assessment
Base salary	To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Company.	Base salary is normally set annually on 1 April. 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.	Salaries are typically set after considering the salary levels in companies of a similar size and complexity in the FTSE 250. 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 apply if there is a change in role, level of responsibility or experience or if the individual is new to the role. There is no maximum salary cap in place.	None
Annual bonus	The annual bonus aligns reward to key Group strategic objectives and drives short-term performance.	Cash payments. Executive Directors participate in an annual performance-related bonus scheme.	Bonus potential: Maximum: 25% of base salary. Target: 10% of base salary Threshold performance: 0% of base salary.	Assessed annually and determined by the Committee based on corporate performance against the Group's business plan for each financial year. The bonuses are directly linked to the Group's profit and operating cash flow performance in the stores (see note 1).

Executive Directors (continued)

	Purpose and link to strategy	Operation	Maximum potential value	Performance conditions and assessment
Long Term Incentive Plan	The Long Term Incentive Plan aligns Executive Director interests with those of shareholders and rewards value creation.	Awards are made annually to the Executive Directors (and certain senior managers who are in a position to influence significantly the performance of the Group) in the form of nil-paid options. The awards granted under the Long Term Incentive Plan are subject to performance conditions to be met over a performance period of three years. The performance conditions have been chosen to align the LTIP with the performance of the business. Awards granted prior to the 2014 AGM will vest in accordance with the provisions of the previous LTIP rules. The LTIP contains clawback and malus provisions.	Maximum annual grant is 100% of base salary, with normal awards of 100% of annual salary for the Executive Directors. Minimum vesting is 25% of salary assuming achievement of threshold performance, and the maximum vesting is 100% of salary.	Vesting under the LTIP is based on 70% on EPS performance and 30% on relative TSR performance to focus executives on value creation in the Company. Vesting will be as follows for the TSR element: 25% vesting for median TSR performance and 100% vesting for upper quartile performance. Straight-line vesting between these points. (Note 2) Vesting for the EPS element will be as follows: RPI plus 3% – 25% vesting, and RPI plus 8% – 100% vesting, with straight line vesting in between.

Executive Directors (continued)

	Purpose and link to strategy	Operation	Maximum potential value	Performance conditions and assessment
Long Term Bonus Performance Plan	To ensure that the total remuneration package is more competitive and supports the Company's strategy and its ability to react to changing economic and business circumstances. To retain key individuals in the medium term and align rewards with Group performance.	Participants are awarded an incentive value which will be articulated as a "maximum" award as a % of salary. The number of shares awarded will be calculated on vesting of the scheme. The awards to the Executive Directors under the plan are made every three years, although the Committee has discretion to make awards to new Directors outside of this period. 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. Following vesting, the award will be converted into nil-cost options based on the market value of the shares and the vested value at that time. 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 full release of vested entitlements takes place over five years.	The total maximum incentive value awarded across all four Executive Directors will not exceed 4 x 450% of base salary (over a 3 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).	Please see pages 77 and 78 for the review of the performance conditions in the financial year. (Note 3)
Pension	To provide competitive levels of retirement benefit.	Contribution made into Executive Directors personal pension plan, or a cash supplement of equivalent value paid in lieu of pension contribution.	Maximum contribution of 20% of salary, target of 15% of salary.	None
Other benefits	To provide competitive levels of employment benefits.	Benefits include: > Private fuel > Private medical insurance > Permanent health insurance > Life assurance of four times base salary > Relocation allowances The level of benefits provided is reviewed annually to ensure they remain market competitive.	Maximum opportunity is the total cost of providing the benefits. There is no monetary cap on benefits.	None
Shareholding policy	To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	Vested shares cannot be sold, other than to pay tax and NI, until the shareholding requirement has been met. There is no time requirement in relation to this policy.	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 Executive incentive plans if this guideline has not been met.	N/A

Executive Directors (continued)

	Purpose and link to strategy	Operation	Maximum potential value	Performance conditions and assessment
Sharesave Scheme	To encourage share ownership by all employees. This allows them to align their interests with those of investors and also to share in the long-term success of the Company.	Executive Directors may participate in the Big Yellow Group Sharesave Scheme, which is an all-employee tax-favoured share plan open to employees based in the UK. Sharesave Scheme saving periods are in line with HMRC rules as three year contracts.	Executive Directors are able to participate in an all-employee share plan on the same terms as other employees in line with the tax-favoured monthly contribution limits.	None

Notes to the policy table

The key principle for the short and long term incentives is to provide a strong link between reward and individual and Group performance to align the interests of Executive Directors with those of shareholders.

1. Annual bonus performance measures and targets

Annual bonuses for the Executive Directors are based on the average of the stores' performance against their quarterly targets providing direct alignment of the Directors' bonuses to performance (and the bonus levels) of the staff. The four Key Performance Indicators used to assess store performance are occupancy growth, net contribution, customer satisfaction and store standards. Store targets are set every quarter and an average of the four quarters is taken.

2. Long Term Incentive Plan performance measures and targets

The Committee selected the performance conditions on the LTIP as they provide a direct link between the incentive for the Executive Directors and the value created for shareholders. The two metrics for the award are:

i. Relative TSR against the FTSE Real Estate Index, as Big Yellow Group's historic performance has been closely aligned to the performance of this Index.

ii. The adjusted EPS figure is as 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.

3. Long Term Bonus Performance Plan performance measures and targets

The Committee sets the performance targets for the Long Term Bonus Performance Plan annually, against a series of financial and non-financial targets aligned with the annual business plan. A report on performance targets for the year under review (other than those which remain commercially sensitive) is provided in the accounts for that year.

Awards to executive directors are made on a three year cycle, and the Company's practice is to seek shareholder approval of these awards. Awards may be also made under the Long Term Bonus Performance Plan without separate shareholder approval under the terms approved by shareholders at adoption, though in practice this is only expected to be used for new joiners and following internal promotions.

4. Malus and clawback

The LTIP and LTBPP includes best practice malus and/or clawback provisions.

Malus is the adjustment of outstanding LTIP and LTBPP awards as a result of the occurrence of one or more circumstances listed below. The adjustment may result in the value being reduced to zero. Malus will apply for the three year period from grant to vesting for the LTIP and the LTBPP.

Clawback is the recovery of payments under the LTIP and LTBPP as a result of the occurrence of one or more circumstances listed below. Clawback will apply for three years post vesting for the LTIP and the LTBPP.

The circumstances in which malus and clawback could apply are as follows:

- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company;
- the assessment of any performance target or condition in respect of an award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the amount of an award was based on error, or inaccurate or misleading information;
- action or conduct of an award holder which, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct; and
- events or behaviour of an award holder which have led to the censure of the Company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Company provided that the Board is satisfied that the relevant award holder was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the award holder.

5. Discretion

The Committee has discretion in several areas of policy as set out in this report. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. In addition, the Committee has the discretion to amend policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

In certain circumstances, the Committee will be required to exercise its discretion, taking into consideration the particular circumstances of an Executive Director's departure and/or the recent performance of the Company in determining the specific level of payments to be made.

Executive Directors (continued)

5. Discretion (continued)

In addition to the discretions under the terms of the annual bonus plan, Long Term Incentive Plan and the Long Term Bonus Performance Plan, the Committee has discretion to determine whether an individual is classified as a "good leaver".

It should be noted that it is the Committee's policy to only apply its discretion if the circumstances at the time are, in its opinion, sufficiently exceptional, and to provide a full explanation to shareholders where discretion is exercised. The Committee does not currently intend to amend or waive any performance conditions.

6. Differences in remuneration policy for all employees

All employees are entitled to base salary, benefits, pensions and the Sharesave Scheme. Additionally, all employees are eligible for annual bonuses with the maximum opportunity available based on the seniority and responsibility of the role held.

Illustrations of application of Remuneration Policy

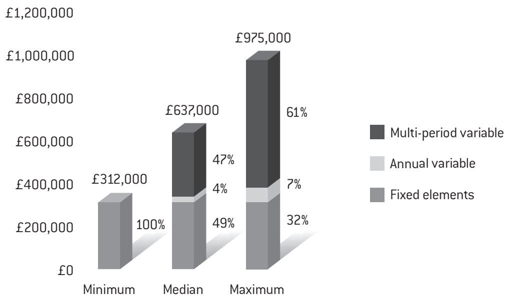
The graph below seeks to demonstrate how pay varies with performance for the Executive Directors based on our stated Remuneration Policy, which is subject to shareholder approval.

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.

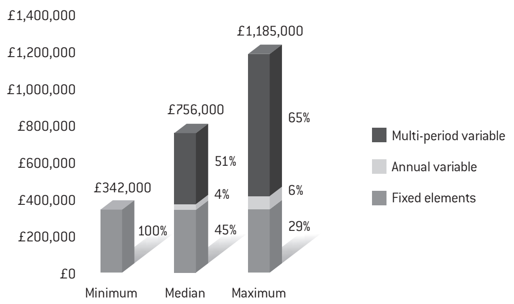
Assumptions used in determining the level of pay out under given scenarios are as follows:

Scenario	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 (i.e. 10% of basic salary), 50% vesting of the LTIP and 50% vesting of the three year LTBPP.
Maximum	100% of annual bonus award being paid (i.e. 25% of basic salary) and 100% vesting of the LTIP, 100% vesting of the three year LTBPP.

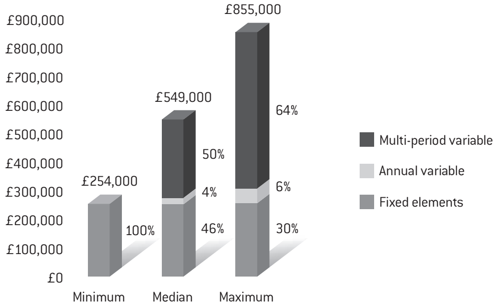
Executive Chairman



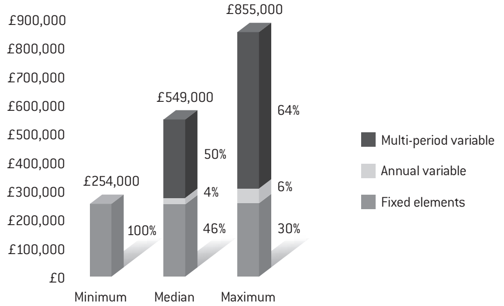
CEO



Operations Director



CFO



Non-Executive Directors

	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Fees	To attract Non-Executive Directors with the requisite skills and experience	Fee levels are normally reviewed annually in March. The Non-Executive Director fee structure is a matter for the full Board. The fees may be paid in the form of shares	Fee levels are set at broadly median levels for comparable roles at companies of a similar size and complexity within the FTSE 250. Fees are intended to increase in line with inflation.	N/A

Non-Executive Directors' fees comprises of a base fee, with an additional £2,500 for a Committee Chairman, and an additional £2,500 for the Senior Independent Non-Executive Director. Where a Non-Executive Director provides significant specialist advice to the Group, and hence additional time commitment to the Group, an additional fee of £2,500 may be paid.

Approach to recruitment remuneration

The table below summarises our key policies with respect to recruitment remuneration:

Salary and benefits	> Set by reference to market and taking into account individual experience and expertise in the context of the role. > Salary would also be set with reference to the salary of the departing Executive Director and the remaining Executive Directors. > The Executive Director would be eligible to receive benefits in line with Big Yellow Group's benefits policy as set out in the remuneration policy table – this includes either a contribution to a personal pension scheme or cash allowance in lieu of pension benefits in line with the policies set out in the policy table.
Maximum variable incentive	> Annual bonus of up to 25% of base salary in line with our current policy for Executive Directors. > Long term incentive plan award of equivalent to 100% of base salary in line with our current policy for Executive Directors. > An award under the Long Term Bonus Performance Plan (which equates to an annual maximum opportunity of 225% of salary over the life of the plan) may also be made on appointment, recognising that the Company's basic remuneration is below median.
Sign-on payments	> The Company does not provide sign-on payments to Executive Directors.

Share buy-outs	> Any previous outstanding share awards which the Executive Director holds which would be forfeited on cessation of his or her previous employment may be compensated.
	> Where this is the case, the general principle is that the outstanding award will be valued based on the consideration of the following factors:
	  > The proportion of the performance period completed on the date of the Director's cessation of employment;
	  > The performance conditions attached to the vesting of the incentives and the likelihood of them being satisfied; and
	  > Any other terms and conditions having a material impact on their value.
	> The valuation will be conducted using a recognised valuation methodology by an independent party and the equivalent 'fair value' may be awarded as a one-off LTIP on date of joining under the Company's existing long term incentive plan. To the extent that this is not possible, a bespoke arrangement will be used.
	> To ensure effective retention of the Executive Director upon recruitment, any new award will be granted subject to performance conditions and vesting may be over the same period as those forfeited from the previous employer or a new three year period.
	> The exact terms will be determined by the Remuneration Committee on a case-by-case basis taking into account all relevant factors.

Relocation policies	> In instances where the new Executive Director is relocating from one work location to another, the Company may provide, as a one-off or otherwise, a relocation allowance as part of the Director's relocation benefits. > The level of the relocation package will be assessed on a case-by-case basis but will take into consideration any cost of living differences, housing allowance and schooling.

Service contracts

The Company's policy on Directors' service contracts is that they should be on a rolling basis without a specific end-date providing for one year's notice. All Executive Directors have contracts which reflect this policy.

The Non-Executive Directors do not have service contracts with the Company. Their appointments are governed by letters of appointment which are available for inspection on request at the Company's registered office and which will be available for inspection at the Company's AGM. Each appointment is for a period of up to three years, although the continued appointment of all Directors is put to shareholders at the AGM on an annual basis. In addition, the appointment is terminable by either party giving notice of three months.

Payments for loss of office

Element	Approach
Salary and benefits	Salary and benefits may be paid in lieu of notice. In cases where a contract is terminated other than on the terms of the service contract, the Company will seek to mitigate any damages payable. There will be no compensation for normal resignation or in the event of termination by the Company due to misconduct.
Annual bonus	If the individual is a good leaver, bonus will be paid on a pro-rata basis in respect of the period from the start of the financial year. Good leaver is defined as an individual ceasing employment as a result of ill-health, disability, redundancy or retirement or in any other circumstances which the Committee permits. A bad leaver is an Executive Director who does not fall within the category of "good leaver" and bad leavers will forfeit any entitlement to a bonus payment in respect of the current financial year or any completed financial year in respect of which the bonus has not been paid at the cessation date.
Long term incentives (LTIP and LTBPP)	A proportion of the LTIP or LTBPP awards held by good leavers will vest at the Committee's discretion determined by taking into account whether, and to what extent, any performance conditions have been satisfied and the length of time the LTIP or the LTBPP award has been held at the date of cessation of employment. The LTIP awards will not normally vest until the end of the performance period with performance tested at that time, although exceptionally such awards may, at the discretion of the Committee, vest at cessation of employment. Under the LTBPP awards vest at cessation of employment. Good leaver is defined as an individual ceasing employment as a result of death, ill-health, injury, disability, redundancy, retirement, or the sale out of the Group of his employing business for any other reason which the Committee in its absolute discretion permits. A bad leaver is an Executive Director who does not fall within the category of good leaver and bad leavers will forfeit any unvested awards.
Other contractual obligations	None.

Payments for Change of Control

Element	Change of Control
Annual bonus plan	On a change of control, the Executive Director may receive a bonus payment based on performance level achieved during the performance period and up to the date of change of control. The Committee will take into account such factors as it consider relevant in relation to the bonus plan payment for the year in which the event occurs, including the proportion of the bonus plan year elapsed at the date of the event.
Long term incentives (LTIP and LTBPP)	On a change of control, a proportion of LTIP or LTBPP Awards will vest at the time of the relevant event. The proportion of LTIP or LTBPP Awards which vest on a change of control event will be determined by the Committee taking into account any relevant factors, including whether, and to what extent, any performance conditions have been satisfied. For the 2014 and 2015 LTIPs, the amount of time the LTIP Awards have been held on the date of the relevant change of control event will also be considered to determine the final vesting of the Awards.
Other contractual obligations	None.

Approval

This policy report was approved by the Board of Directors on 18 May 2015 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 Remuneration Policy for Directors was implemented during the year ended 31 March 2015. Note that the whole Annual Report is not subject to Audit – the regulations specify individual sections which are subject to audit, which 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

Executive Directors

The table below sets out the single total figure of remuneration and breakdown for each Executive Director paid in the year ended 31 March 2015. 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).

Year ended 31 March 2015	Salary £		Taxable benefits £		Annual bonus £		Long term incentives £		Pensions £		Sharesave Scheme £		Total £	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Nicholas Vetch	**259,300**	254,200	**3,960**	3,853	**32,412**	25,420	**1,071,925**	179,509	**25,930**	25,420	**–**	9,821	**1,393,527**	498,223
James Gibson	**284,400**	278,800	**4,676**	4,840	**35,550**	27,880	**1,403,224**	196,862	**28,440**	27,880	**–**	–	**1,756,290**	536,262
Adrian Lee	**210,600**	206,400	**3,765**	3,859	**26,325**	20,640	**952,137**	145,736	**21,060**	20,640	**15,250**	–	**1,229,137**	397,275
John Trotman	**200,000**	180,000	**1,866**	2,066	**25,000**	18,000	**952,137**	101,205	**20,000**	18,000	**15,250**	–	**1,214,253**	319,271
Total	**954,300**	919,400	**14,267**	14,618	**119,287**	91,940	**4,379,423**	623,312	**95,430**	91,940	**30.500**	9,821	**5,593,207**	1,751,031

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

The value shown in long term incentives is:

> the LTIP award granted in 2011 which vested on 19 July 2014 to 100% of its maximum value and is valued using the share price on that date of 521p. The award granted for 2015 is 100% of salary for each Executive Director; and
> the three-year Long Term Bonus Performance Plan granted in 2012, which has been assessed to 97% of its maximum value. The plan will formally vest in November 2015.

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 (11%). The salary increase for John Trotman reflects the Committee's strategy to bring his salary in line with Adrian Lee's salary, which has been achieved for the year to 31 March 2016.

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

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 bonus paid to the Executive Directors of 12.5% of salary in the year is directly linked to the awards paid to the stores on achieving their targets during the course of the year. The weighting of each target to the bonus paid in the year is: occupancy and net contribution (68%), customer satisfaction (24%) and store standards (8%).

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 2011 awards.

The Committee assessed the extent to which the performance conditions have been satisfied for the 2011 award which vested in 2014, 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%	8 out of 32 in comparator group	100%
Total	**100%**					100%

Long term incentives awarded in year ended 31 March 2015

The table below sets out the details of the long term incentive awards granted in the year ended 31 March 2015 where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods.

Director	Award type	LTIP awarded	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	LTIP – annual cycle of awards	100% of salary	£259,300	25%	100%	28 July 2017	EPS growth and relative TSR
James Gibson			£284,400				
Adrian Lee			£210,600				
John Trotman			£200,000				

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 2015 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	100%	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.
Total	**100%**				

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

In respect of the EPS underpin (of growth in adjusted EPS of RPI plus 3%), 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.

Long Term Bonus Performance Plan review

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 years ended 31 March 2013 and 31 March 2014 were included in the annual report for those years. The report on the targets for the year ended 31 March 2015 is summarised in the table below:

Objective	Committee comment
Grow the Group's annual free cash flow for the year to 31 March 2015 to £35.7 million from £32.7 million in the year to 31 March 2014	The Group's free cash flow for the year to 31 March 2015 was £42.4 million.
Complete the refinancing of the Group's banking facilities through extending the bank facility to 5 years, and securing a new seven year loan from M&G Investments.	The Group completed on the refinancing of its bank facilities in August 2014, extending the term to 5 years, and reducing the margin by 75 bps. The Group also secured a seven year £70 million loan from M&G Investments secured on a portfolio of 15 stores.
Comply with all banking covenants and maintain a net worth in excess of £590 million.	All banking covenants were complied with during the year. Net worth has grown by £156.8 million to £750.9 million.
Grow the occupancy of the wholly owned stores from 69.8% at 31 March 2014 to 75% by 31 March 2015.	The like-for-like wholly owned stores increased in occupancy to 74.3% at 31 March 2015. All stores, including the Partnership stores increased in occupancy by 5.3% from 67.9% to 73.2% over the year, which is ahead of the targeted occupancy growth.
Grow the average net rent per square foot across the wholly owned stores from £26.15 per square foot by 2.5% to £26.80 by 31 March 2015.	The net rent per sq ft of the like for like wholly owned stores was £26.78 at 31 March 2015, an increase of 2.4% from the prior year.

Long Term Bonus Performance Plan review (continued)

Objective	Committee comment
Meet budgeted revenue (£78.1 million) and profit (£34.1 million) targets.	Revenue for the year was £84.3 million, 8% ahead of budget. Adjusted profit for the year was £39.4 million, 16% ahead of budget.
Maintain the Group's online market share measured against the top 35 self storage operators by Experian Hitwise, at 35 to 38%.	The Group's average market share over the course of the financial year was 37%. Our nearest competitor had a market share of 17% for the year.
Complete on the acquisition of the Armadillo portfolio with an initial 38% stake. Reduce the Group's investment to 20% once the Australian consortium has completed their second round of fundraising.	The Group acquired a 38% stake in the Armadillo portfolio in April 2014. The Australian consortium were successful in their second round of fundraising and increased their stake to 80% in July 2014.
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 acquired a site for refurbishment in Cambridge in November 2014. The Group also acquired the freehold of its existing store in Battersea and adjoining retail units.
Construct Enfield on time and on budget, with the store due to open in April 2015.	The store was constructed on budget, and opened as planned on 1 April 2015.
Sell the surplus land at Guildford Central now that retail planning consent has been obtained.	The surplus land at Guildford Central was sold for £2.8 million in September 2014, realising a profit of £1.3 million.
Reduce the carbon intensity for the year to 31 March 2015 ($KgCO_2/m^2$ of occupied space) by 5% from the year to 31 March 2014.	Carbon intensity was reduced by 21% for the year to 31 March 2015.

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 2015 has provisionally vested as to 100% of its potential amount for the year. The Committee has also then assessed the vesting for the three years of the plan and has determined an overall vesting of 97% for the whole period of the plan. In reaching this determination, the Committee took into account the fact that, over the three years of the plan, substantially all of the annual targets set at the outset of each year (by reference to the relevant business plan) had been met as well as the significant progress which has been made by the Group over the past three years. By way of illustration, over the past three years, the Group's revenue has increased by 28%, with adjusted eps increasing by 49% and dividends declared by 117%. The plan will formally vest in November 2015.

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 enabling 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.

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 2015, the Company contribution was 10% 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 2015 (2014: 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 2015 (2014: 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 2015.

	Fees £		Taxable benefits £		Total £	
Year ended 31 March 2015	**2015**	2014	**2015**	2014	**2015**	2014
Philip Burks (to 19 July 2013)	**–**	9,000	**–**	–	**–**	9,000
Tim Clark	**41,900**	41,000	**–**	–	**41,900**	41,000
Richard Cotton	**39,300**	38,500	**–**	–	**39,300**	38,500
Georgina Harvey (from 1 July 2013)	**36,800**	27,000	**–**	–	**36,800**	27,000
Steve Johnson	**36,800**	36,000	**–**	–	**36,800**	36,000
Mark Richardson	**39,300**	38,500	**–**	–	**39,300**	38,500
Total	**194,100**	190,000	**–**	–	**194,100**	190,000

Non-Executive Director fees were increased by 2% for the year ended 31 March 2015.

Implementation of policy in coming year

The main elements of Executive Director remuneration effective from 21 July 2015 (being the date of the AGM at which shareholder approval for this report will be sought) for the forthcoming financial year are summarised below:

Base salary

Executive	Role	2015/16 salary	2014/15 salary	% increase
Nicholas Vetch	Executive Chairman	£264,500	£259,300	2%
James Gibson	Chief Executive	£290,100	£284,400	2%
Adrian Lee	Operations Director	£215,000	£210,600	2%
John Trotman	Chief Financial Officer	£215,000	£200,000	7.5%

The Committee's policy for John Trotman has been to bring his salary in line with that of Adrian Lee over the short to medium term and this has now been achieved.

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.

Annual Bonus

Maximum bonus opportunity of 25% of base salary

The annual bonus is based on the stores' average performance against targets over the four quarters of the year which is then taken and applied to calculate the head office bonus percentage. Performance in the stores is assessed on four Key Performance Indicators of occupancy growth, net contribution, customer satisfaction and store standards.

For the year ended 31 March 2015:

> Occupancy and net contribution together represent 68% of bonus with the weighting between the two dependent on stores' occupancy levels, and therefore their sales focus.
> Customer satisfaction makes up 24% of bonus; and
> Store standards the balance of 8%.

The Committee is of the opinion that further disclosure of the performance targets for the bonus plan are commercially sensitive and that it would be detrimental to the interests of the Company to disclose them before the start of the financial year. Actual targets, performance achieved and awards made will be disclosed at the end of the performance period.

Long Term Incentive Plan

Plan operation	Performance metrics used, weightings and time period applicable
Maximum opportunity of 100% of base salary The proposed grants for the Executive Directors as a percentage of salary are:- > Executive Chairman – 100% > CEO – 100% > Operations Director – 100% > Chief Financial Officer – 100%	> 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 with full vesting at upper quartile.

Long Term Bonus Performance Plan

Plan operation	Performance metrics used, weightings and time period applicable
The total maximum incentive value awarded across all four Executive Directors will not exceed an aggregate of 450% of base salary (over a 3 year performance period) Each individual will have the potential to be awarded a maximum value of 675% of base salary (so long as the total Award Pool maximum is not exceeded). The proposed grants for the Executive Directors as a percentage of salary are:- > Executive Chairman – 383% (award value £996,900) > CEO – 504% (award value £1,440,000) > Operations Director – 471% (award value £996,900) > Chief Financial Officer – 471% (award value £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). The Committee sets the performance targets annually, and a review of performance is included in the annual report of the following year.

Non-Executive Directors

Executive	2015/16 fee	2014/15 fee	% increase
Richard Cotton	£40,100	£39,300	2%
Tim Clark	£42,800	£41,900	2%
Georgina Harvey	£37,600	£36,800	2%
Mark Richardson	£40,100	£39,300	2%
Steve Johnson	£37,600	£36,800	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; 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 (an increase from 100% in the prior year). 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 2015 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 he is interested.

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	8,960,483	194,951	337,500	–	80,072
James Gibson	200%	Yes	2,538,358	213,812	487,500	2,965	87,807
Adrian Lee	200%	Yes	785,547	148,858	337,500	–	60,825
John Trotman	200%	Yes	101,914	146,795	337,500	–	60,825
Richard Cotton	N/a	N/a	68,485	–	–	–	–
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	–	–	–	–

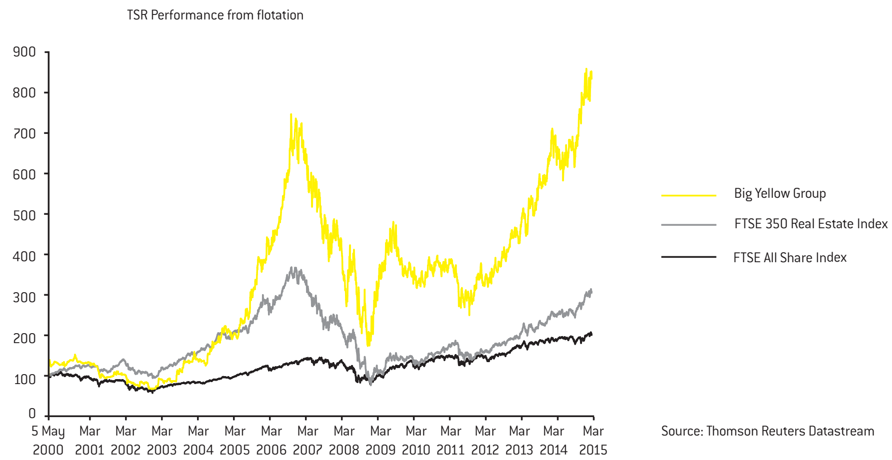
Directors' share options

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	No. of shares under option at 31 March 2014	Granted during the year	Exercised during the year	Lapsed during the year	**No. of shares under option at 31 March 2015**	Exercise price	Market price at date of exercise	Date from which first exercisable	Expiry date
Nicholas Vetch	19 July 2011	80,072	–	(80,072)	–	**–**	nil p	617.5p	19 July 2014	18 July 2021
	11 July 2012	84,218	–	–	–	**84,218**	nil p	–	11 July 2015	10 July 2022
	22 July 2013	60,266	–	–	–	**60,266**	nil p	–	22 July 2016	21 July 2023
	29 July 2014	–	50,467	–	–	**50,467**	nil p	–	29 July 2017	28 July 2024
James Gibson	19 July 2011	87,807	–	(87,807)	–	**–**	nil p	617.5p	19 July 2014	18 July 2021
	11 July 2012	92,362	–	–	–	**92,362**	nil p	–	11 July 2015	10 July 2022
	22 July 2013	66,098	–	–	–	**66,098**	nil p	–	22 July 2016	21 July 2023
	29 July 2014	–	55,352			**55,352**	nil p	–	29 July 2017	28 July 2024
Adrian Lee	19 July 2011	57,080	–	(57,080)	–	**–**	nil p	514.6p	19 July 2014	18 July 2021
	11 July 2012	62,065	–	–	–	**62,065**	nil p	–	11 July 2015	10 July 2022
	22 July 2013	45,804	–	–	–	**45,804**	nil p	–	22 July 2016	21 July 2023
	29 July 2014	–	40,989	–	–	**40,989**	nil p	–	29 July 2017	28 July 2024
John Trotman	19 July 2011	57,080	–	(57,080)	–	**–**	nil p	514.6p	19 July 2014	18 July 2021
	11 July 2012	62,065	–	–	–	**62,065**	nil p	–	11 July 2015	10 July 2022
	22 July 2013	45,804	–	–	–	**45,804**	nil p	–	22 July 2016	21 July 2023
	29 July 2014	–	38,926	–	–	**38,926**	nil p	–	29 July 2017	28 July 2024

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 over the last ten years. 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 five 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 %
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 is higher than in previous years due to the vesting of the 2012 three year Long Term Bonus Performance Plan in this year delivering a reward of £945,750 (similarly for 2012 where the plan delivered a reward of £900,000) 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 2015 compared with 2014	
	CEO	Employees
Salary and fees	2%	2%
All taxable benefits	(3%)	2%
Annual bonuses	25%	25%
Total	4%	4%

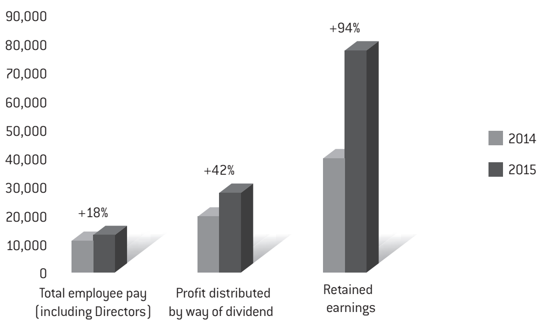
Statement of consideration of employment conditions elsewhere in the Group

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 Directors' remuneration policy.

Relative importance of spend on pay

The graph below sets out the relative importance of spend on pay in the year ended 31 March 2015 and 31 March 2014 compared with other disbursements from profit, being the distributions to shareholders and retained earnings (comprehensive gain for the year less dividends).



Advisors 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.

PwC also provided advisory work during the year on pensions auto-enrolment. The Committee is satisfied that advice received from PwC during the year was objective and independent.

Advisor	Appointed by	Services provided to the Committee in 2014/15	Fees in relation to remuneration advice
PwC	Remuneration Committee in 2008	Advice on executive remuneration market practice and trends, including benchmarking of Director remuneration. Support with shareholder consultation for the amendments to the Remuneration Policy. Advice on new Long Term Bonus Performance Plan.	£52,000

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 advisors.

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;
> 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;
> reviewed and agreed the scope of the audit work to be undertaken by the external auditor;

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

- agreed the fees to be paid to the external auditor for their audit of the March 2015 financial statements and September half-yearly 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 2015 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 2015 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 87.

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 considered the accounting for the acquisition of Big Yellow Limited Partnership. The key judgements include the fair value of the pre-existing interest of the associate, the fair values of the net assets acquired and the consideration of any identifiable and separable intangibles.

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 2015, the auditor's remuneration comprised £191,000 for audit work and £267,000 for other work, principally relating to VAT and corporation tax work. The Committee has considered the level of fees, noting that non-audit fees are in excess of audit fees. The Committee is satisfied this does not undermine auditor independence given informed management scoped and oversaw the delivery of these services, different delivery teams were used for tax advisory services and the Committee were satisfied that the risk of self review by the auditor was minimal. 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 is supportive of the new provision in the UK Code in respect of auditor rotation. 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 and the broader real estate sector. The Committee's present intention therefore is that they will tender the external audit by 2022 when required by the new regulations. There are no contractual obligations that act to restrict the Audit Committee's choice of external auditor.

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 pages 38 to 40.

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
18 May 2015

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	**John Trotman**
Chief Executive Officer	Chief Financial Officer
18 May 2015	18 May 2015

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

Opinion on financial statements of Big Yellow Group PLC	In our opinion the financial statements: > 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 2015 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	As required by the Listing Rules we have reviewed the Directors' statement contained within the Strategic Report that the Group is a going concern. We confirm that: > we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and > we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.
Our assessment of risks of material misstatement	The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Investment property valuation *See also note 14 to the financial statements, and the Audit Committee's Report on pages 84 to 86.* At 31 March 2015, the Group held wholly-owned investment properties and investment properties under construction valued at £1,022.8 million. In addition the Group acquired a 20% equity share in two associate entities, Armadillo Storage Holding Company Limited (the "Armadillo portfolio") and Armadillo Storage Holding Company 2 Limited (the "Big Store Portfolio") (together "the Associates"), for which equity accounting has been applied – see note 13. The Associates control investment properties with a combined value of £53.3 million. Investment properties are held at fair value on the balance sheet. The net valuation gain, relating to Group held properties was £64.5 million, which was recognised through the Consolidated Income Statement during the year. The net valuation gain relating to the properties held by the Associates was £11.5 million on a gross basis (£2.3 million Group share). The fair values at 31 March 2015 are calculated using actual and forecast inputs, such as occupancy, capitalisation rates, an assessment of cost to complete for investment properties under construction and net rent per square foot by property. In addition, the valuers apply professional judgment concerning market conditions and factors impacting individual properties. The valuation process is inherently judgemental, which is why we consider this to be a risk of material misstatement. In particular, changes in assumptions such as the capitalisation rates, forecast rent per square foot, forecast occupancy levels and in the case of investment property under construction, cost to complete, can lead to significant movements in the value of the property, as can changes in the underlying market conditions.	We assessed the design and implementation of controls around the property valuations by considering the level of management oversight and review of the valuations prepared by the external valuation specialists engaged by management, who have been named in note 14; We tested the integrity of the information provided by management to the valuers by agreeing key inputs such as actual occupancy and net rent per square foot to underlying records and source evidence; We modelled eight years of valuations and key valuation inputs of the investment property portfolio, 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 valuers covering both the Group and Associate portfolios. We assessed their independence, the scope of the work they were requested to perform by management, and the valuation methodology applied. For each property we identified as having significant or unusual valuation movements (compared to market data or previous periods), we challenged the valuers on the key assumptions applied. 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 noted adjacent. We also researched comparable transactions and understood trends in analogous industries. 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.

Risk	How the scope of our audit responded to the risk
Fair value assessments in the acquisition of the Partnership See also note 13 to the financial statements and the Audit Committee's Report on pages 84 to 86. On 1 December 2014 (the "Acquisition Date"), the Group acquired the residual 66.7% interest in the Big Yellow Partnership Limited ("the Partnership"). The Group had a pre-existing interest of 33.3%. IFRS 3: Business Combinations require management to make the following assessments as part of the step acquisition accounting; > Determine the fair value of the consideration; > Determine the fair value of the pre-existing associate interest; > Determine the fair value of the net assets acquired; and > Identify and recognise any intangible assets that are identifiable and separable. The material asset was the investment property assets acquired. The fair valuation of the pre-existing associate interest and the fair value of the investment properties acquired are particularly subjective in that they rely on the application of management's judgment.	We tested the design and implementation of controls associated with business combination accounting. This centred around assessing whether the financial accounting was subject to sufficient management and technical review; We reviewed in detail the acquisition agreement and related documents to understand the commercial terms of the transaction; We agreed the consideration to the cash paid; We considered management's assessment of the factors which impact the fair value of the pre-existing interest and consulted with our valuation specialists to challenge these assumptions; We challenged the Directors' valuation prepared by management and met with the valuers of the investment properties, given the Directors' valuation was based on the September 2014 valuations, adjusted for two months growth to the Acquisition Date. We have challenged the valuers and management on the assumptions incorporated in the investment property valuation; We tested the completeness of management's assessment of intangibles by considering the application guidance offered in IFRS 3 and, including a consultation with our valuation specialists, to challenge the conclusion that there were no identifiable and separable intangible assets; and We have tested the other material components of the acquisition balance sheet in detail.

Last year, our report included one other risk which is not included in our report this year:

> **Valuation of VAT capital goods scheme (CGS) receivable** – the complexity arising from the VAT structure of the Group and in particular its impact on the recovery of the capital goods scheme receivable of £9.2m (2014: £9.0m), was simplified in the year ended 31 March 2015 due to the merging of VAT groups. Furthermore, the successful claim by a competitor of Big Yellow has established a precedent for Big Yellow's proposed basis of recovery.
> The only fluctuation in this balance in the year ended 31 March 2015 relates to the unwinding of the discount applied on initial recognition and annual repayment of the receivable, neither of which are judgmental in nature.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on pages 84 to 86.

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

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £6.9 million (2014: £4.2 million), based on professional judgment, the requirements of auditing standards and the financial measures most relevant to users of the financial statements. We have used 1.0% of net assets (2014: 0.5% of non-current assets) as the benchmark for determining materiality. We concluded that determining materiality based on net assets was more consistent with industry peers, in particular real estate investment trusts, and because it reflects the measure of most interest to investors. We note the change in base accounted for £1.7m of the £2.7m increase in materiality.

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 £39.4m (2014: £29.2m), which is reconciled to IFRS profit after tax attributable to equity holders of the parent in Note 10 of the financial statements. We applied a lower threshold of £1.9 million (2014: £1.4 million) for testing all balances impacting adjusted profit before tax. This lower threshold was based on 5% (2014: 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 £138,000 (2014: £80,000), which in both years equates to 2% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit	Our audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement. As in the prior year the Group audit team performed the audits of all non-dormant entities within the Group given they are all located in the United Kingdom and operate from a single location with consistent financial systems. As such, the scope of our audit covered 100% of both consolidated profit before tax and consolidated net assets. During the year, the Group acquired 20% of the equity of the Associates. The Group equity accounts for these interests and the equity interest in Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited amounts to £3.6m and £1.9m respectively. The Group also manages these portfolios. We have performed audit procedures on the significant balances and transactions in these entities for the purposes of supporting the Group audit opinion. In each case, we have attended a valuation meeting with the external valuer to challenge key assumptions and obtain comfort over the investment property values in these vehicles. The Group audit team continued to follow a programme of planned visits. At each site visited we undertook a stock count, tested the design and implementation of key controls around cash such as bank reconciliations and cash holding limits, agreed cash balances to bank reconciliations and held discussions with store staff. We also verified a sample of fixed assets.
Opinion on other matters prescribed by the Companies Act 2006	In our opinion: > the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and > the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
Matters on which we are required to report by exception	
Adequacy of explanations received and accounting records	Under the Companies Act 2006 we are required to report to you if, in our opinion: > we have not received all the information and explanations we require for our audit; or > adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or > the Parent Company financial statements are not in agreement with the accounting records and returns. We have nothing to report in respect of these matters.
Directors' remuneration	Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.
Corporate Governance Statement	Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.
Our duty to read other information in the Annual Report	Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is: > materially inconsistent with the information in the audited financial statements; or > apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or > otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Darren Longley FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
18 May 2015

Consolidated Statement of Comprehensive Income

Year ended 31 March 2015

		Note	2015 £000	2014 £000
Revenue		3	**84,276**	72,196
Cost of sales			**(27,351)**	(25,040)
Gross profit			**56,925**	47,156
Administrative expenses			**(8,505)**	(7,619)
Operating profit before gains and losses on property assets			**48,420**	39,537
Gain on the revaluation of investment properties		*13a,14*	**64,465**	28,350
Profit on disposal of surplus land		*15*	**1,318**	–
Operating profit			**114,203**	67,887
Share of profit of associates		*13d*	**3,516**	180
Investment income	– interest receivable	*7*	**495**	415
	– fair value movement of derivatives	*7*	**–**	2,681
Finance costs	– interest payable	*8*	**(10,704)**	(11,315)
	– fair value movement of derivatives	*8, 18*	**(2,274)**	–
Profit before taxation			**105,236**	59,848
Taxation		*9*	**351**	(300)
Profit for the year (attributable to equity shareholders)		*5*	**105,587**	59,548
Total comprehensive income for the year (attributable to equity shareholders)			**105,587**	59,548
Basic earnings per share		*12*	**72.5p**	42.5p
Diluted earnings per share		*12*	**71.9p**	42.2p

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 2015

	Note	2015 £000	2014 £000
Non-current assets			
Investment property	*13a*	**1,007,110**	776,390
Investment property under construction	*13a*	**15,681**	22,303
Interests in leasehold property	*13a*	**20,829**	23,814
Plant, equipment and owner-occupied property	*13b*	**3,050**	2,985
Goodwill	*13c*	**1,433**	1,433
Investment in associates	*13d*	**5,572**	17,861
Capital Goods Scheme receivable	*16*	**9,039**	7,620
		1,062,714	852,406
Current assets			
Surplus land	*15*	**3,315**	6,059
Inventories		**304**	290
Trade and other receivables	*16*	**16,379**	13,531
Cash and cash equivalents		**8,194**	3,301
		28,192	23,181
Total assets		**1,090,906**	875,587
Current liabilities			
Trade and other payables	*17*	**(32,612)**	(26,818)
Borrowings	*19*	**(72,136)**	(2,034)
Obligations under finance leases	*21*	**(1,705)**	(1,615)
		(106,453)	(30,467)
Non-current liabilities			
Derivative financial instruments	*18c*	**(3,679)**	(2,813)
Borrowings	*19*	**(210,736)**	(226,044)
Obligations under finance leases	*21*	**(19,124)**	(22,199)
		(233,539)	(251,056)
Total liabilities		**(339,992)**	(281,523)
Net assets		**750,914**	594,064
Equity			
Called up share capital	*22*	**15,806**	14,306
Share premium account		**44,922**	44,278
Reserves		**690,186**	535,480
Equity shareholders' funds		**750,914**	594,064

The financial statements were approved by the Board of Directors and authorised for issue on 18 May 2015. 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 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 following the placing of 14.35 million ordinary shares.

Year ended 31 March 2014

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2013	14,264	44,278	1,653	498,056	(5,623)	552,628
Total comprehensive gain for the year	–	–	–	59,548	–	59,548
Issue of share capital	42	–	–	–	–	42
Dividend	–	–	–	(19,591)	–	(19,591)
Credit to equity for equity-settled share based payments	–	–	–	1,437	–	1,437
At 31 March 2014	14,306	44,278	1,653	539,450	(5,623)	594,064

Consolidated Cash Flow Statement

Year ended 31 March 2015

	Note	2015 £000	2014 £000
Operating profit		**114,203**	67,887
Gain on the revaluation of investment properties	*13a, 14*	**(64,465)**	(28,350)
Profit on disposal of surplus land	*15*	**(1,318)**	–
Depreciation	*13b*	**566**	526
Depreciation of finance lease capital obligations	*13a*	**918**	974
Employee share options	*6*	**2,059**	1,437
(Increase)/decrease in inventories		**(14)**	10
Increase in receivables		**(1,172)**	(1,652)
Increase in payables		**1,098**	2,458
Cash generated from operations		**51,875**	43,290
Interest paid		**(9,692)**	(10,558)
Interest received		**27**	20
Tax credit received		**187**	–
Cash flows from operating activities		**42,397**	32,752
Investing activities			
Sale of surplus land		**2,815**	–
Purchase of non-current assets		**(42,555)**	(8,460)
Additions to surplus land		**(231)**	(136)
Receipts from Capital Goods Scheme		**3,557**	756
Acquisition of Big Yellow Limited Partnership (net of cash acquired)	*13d*	**(37,406)**	–
Acquisition of Big Storage Limited	*13a*	**(15,114)**	–
Disposal of Big Storage Limited	*13a*	**7,614**	–
Net investment in associates	*13d*	**(3,709)**	–
Dividend received from associate	*13d*	**89**	–
Cash flows from investing activities		**(84,940)**	(7,840)
Financing activities			
Issue of share capital		**77,094**	42
Payment of finance lease liabilities	*13a*	**(918)**	(974)
Equity dividends paid	*11*	**(27,890)**	(19,591)
Payments to cancel interest rate derivatives		**(1,408)**	–
Refinancing fees		**(2,649)**	–
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/(reduction) in borrowings		**55,966**	(8,938)
Cash flows from financing activities		**47,436**	(29,461)
Net increase/(decrease) in cash and cash equivalents		**4,893**	(4,549)
Opening cash and cash equivalents		**3,301**	7,850
Closing cash and cash equivalents		**8,194**	3,301

Reconciliation of Net Cash Flow to Movement in Net Debt

Year ended 31 March 2015

	Note	2015 £000	2014 £000
Net increase/(decrease) in cash and cash equivalents in the year		**4,893**	(4,549)
Cash flow from (increase)/decrease in debt financing		**(55,966)**	8,938
Change in net debt resulting from cash flows		**(51,073)**	4,389
Movement in net debt in the year		**(51,073)**	4,389
Net debt at the start of the year		**(226,067)**	(230,456)
Net debt at the end of the year	*18*	**(277,140)**	(226,067)

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 18 to 40.

These financial statements are presented in pounds sterling because that is the currency of the economic environment in which the Group operates.

2. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new and revised standards

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:

- IAS 1 (amendment) – Presentation of Financial Statements
- IAS 12 (amendment) – Income Tax
- IFRS 7 (amendment) – Financial Instruments: Disclosures

Below are details of accounting standards and interpretations which have been issued but are not yet effective, or have not yet been endorsed by the EU, which may be relevant to the Group. None of these standards or interpretations have been early adopted by the Group. The Group is in the process of assessing the impact of these new standards and interpretations on its financial reporting. None of these standards are expected to have a significant impact on the Group's reporting, although some may require additional disclosures to be included in the notes to the financial statements.

Issued, not yet effective and not yet endorsed for use in the EU:

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from contracts with customers

Issued and endorsed for use in the EU, but not yet effective:

- IAS 36 (amendment) – Impairment of Assets
- IAS 39 (amendment) – Financial Instruments: Recognition and Measurement
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IAS 27 (revised) – Separate Financial Statements
- IAS 28 (revised) – Associates and Joint Ventures
- Amendments to IFRS 10, IFRS 11, IFRS 12 (transition guidance)
- IAS 24 (amendments resulting from Annual Improvements 2010-2012 Cycle)
- IAS 40 (amendments resulting from Annual Improvements 2011-2013 Cycle)
- IAS 16 (amendments regarding the clarification of acceptable methods of depreciation and amortisation)

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain 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 2016 and projections contained in the longer term business plan which covers the period to March 2022. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant, equipment and owner occupied property

All property, plant and equipment, not classified as investment property, are 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 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

a) 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 a biannual 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 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.

b) Acquisition of Big Yellow Limited Partnership (critical accounting judgement)

The key judgements include the fair value of the pre-existing interest of the associate, the fair values of the net assets acquired and the consideration of any identifiable and separable intangibles. Prior to accounting for the acquisition of the assets of the Partnership, an assessment of fair value is required of the pre-existing 33% interest in the Partnership. In particular in relation to assessing whether a control premium or discount is attached to the pre-existing interest with reference to the rights attached to the minority interest.

The fair value of net assets acquired requires an assessment of the market value that a third party would pay to obtain control over the identified assets and liabilities. Finally, IFRS 3 Business Combinations requires an assessment of whether any identified and separable intangible assets require separate recognition on balance sheet at the Acquisition Date.

3. REVENUE

Analysis of the Group's operating revenue can be found below and in the Portfolio Summary on page 24.

	2015 £000	2014 £000
Open stores		
Self storage income	**70,631**	59,994
Other storage related income	**11,849**	10,475
Ancillary store rental income	**251**	237
	82,731	70,706
Other revenue		
Non-storage income	**268**	420
Fees earned from Big Yellow Limited Partnership	**458**	640
Other management fees earned	**819**	430
Revenue per statement of comprehensive income	**84,276**	72,196
Interest receivable on bank deposits (see note 7)	**27**	20
Total revenue per IAS 18	**84,303**	72,216

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):

	2015 £000	2014 £000
Depreciation of plant, equipment and owner-occupied property	**566**	526
Leasehold property depreciation	**918**	974
Gain on the revaluation of investment property	**(64,465)**	(28,350)
Profit on disposal of surplus land	**(1,318)**	–
Cost of inventories recognised as an expense	**977**	923
Employee costs (see note 6)	**13,084**	11,075
Operating lease rentals	**95**	188
Auditor's remuneration for audit services (see below)	**191**	167

b) Analysis of auditor's remuneration:

	2015 £000	2014 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**160**	140
Other services – audit of the Company's subsidiaries' annual accounts	**31**	27
Total audit fees	**191**	167
Interim review	**34**	33
Tax services – advisory	**131**	21
Assurance of CSR report	**22**	20
Other services	**80**	21
Real estate advice (planning)	**–**	1
Total non-audit fees	**267**	96

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 £211,000, of which £156,000 related to non-audit services.

6. EMPLOYEE COSTS

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

	2015 Number	2014 Number
Sales	**256**	246
Administration	**44**	43
	300	289

At 31 March 2015 the total number of Group employees was 337 (2014: 325).

	2015 £000	2014 £000
Their aggregate remuneration comprised:		
Wages and salaries	**8,982**	8,007
Social security costs	**1,655**	1,275
Other pension costs	**388**	356
Share-based payments	**2,059**	1,437
	13,084	11,075

Details of Directors' Remuneration is given on pages 64 to 83.

7. INVESTMENT INCOME

	2015 £000	2014 £000
Bank interest receivable	27	20
Unwinding of discount on Capital Goods Scheme receivable	468	395
Total interest receivable	495	415
Fair value movement on interest rate derivatives	–	2,681
Total investment income	495	3,096

8. FINANCE COSTS

	2015 £000	2014 £000
Interest on bank borrowings	10,080	10,768
Capitalised interest	(399)	(484)
Interest on obligations under finance leases	1,023	1,031
Total interest payable	10,704	11,315
Change in fair value of interest rate derivatives	2,274	–
Total finance costs	12,978	11,315

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.

	2015 £000	2014 £000
UK current tax		
Current tax:		
– Current year	90	300
– Prior year	(254)	–
– Conversion charge refund	(187)	–
	(351)	300

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

	2015 £000	2014 £000
Profit before tax	105,236	59,848
Tax charge at 21% (2014 – 23%) thereon	22,100	13,765
Effects of:		
Revaluation of investment properties	(12,109)	(6,368)
Share of results of associates	(739)	–
Permanent differences	(1,475)	147
Profits from the tax exempt business	(7,234)	(6,386)
Gain on disposal of surplus land	(278)	–
Utilisation of brought forward losses	(438)	(41)
Movement on other unrecognised deferred tax assets	263	(817)
Current year tax charge	90	300
Prior year adjustment	(441)	–
Total tax (credit)/charge	(351)	300

At 31 March 2015 the Group has unutilised tax losses of £32.8 million (2014: £36.5 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

	2015 £000	2014 £000
Profit before tax	**105,236**	59,848
(Gain)/loss on revaluation of investment properties – wholly owned	**(64,465)**	(28,350)
– in associate (net of deferred tax)	**(2,731)**	662
Change in fair value of interest rate derivatives – Group	**2,274**	(2,681)
– in associate	**124**	(258)
Profit on disposal of surplus land	**(1,318)**	–
Share of non-recurring losses in associate	**285**	–
Adjusted profit before tax	**39,405**	29,221
Net bank interest	**9,654**	10,264
Depreciation (see note 13b)	**566**	526
Adjusted EBITDA	**49,625**	40,011

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 £39,756,000 for the year after the tax credit of £351,000 (2014: £28,921,000 after a tax charge of £300,000).

11. DIVIDENDS

	2015 £000	2014 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2014 of 8.4p (2013: 6.0p) per share.	**11,774**	8,384
Interim dividend for the year ended 31 March 2015 of 10.4p (2014: 8.0p) per share.	**16,116**	11,207
	27,890	19,591
Proposed final dividend for the year ended 31 March 2015 of 11.3p (2014: 8.4p) per share.	**17,541**	11,774

Subject to approval by shareholders at the Annual General Meeting to be held on 21 July 2015, the final dividend will be paid on 23 July 2015. The ex-div date is 11 June 2015 and the record date is 12 June 2015.

The Property Income Dividend ("PID") payable for the year is 16.1 pence per share (2014: 13 pence per share).

12. EARNINGS AND NET ASSETS PER SHARE

Earnings per ordinary share

	Year ended 31 March 2015			Year ended 31 March 2014		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share
Basic	**105.6**	**145.7**	**72.5**	59.5	139.9	42.5
Dilutive share options	**–**	**1.2**	**(0.6)**	–	1.2	(0.3)
Diluted	**105.6**	**146.9**	**71.9**	59.5	141.1	42.2
Adjustments:						
Gain on revaluation of investment properties	**(64.5)**	**–**	**(43.9)**	(28.3)	–	(20.1)
Change in fair value of interest rate derivatives	**2.3**	**–**	**1.6**	(2.7)	–	(1.9)
Profit on disposal of surplus land	**(1.3)**	**–**	**(0.9)**	–	–	–
Share of associate non-recurring (gains)/losses	**(2.3)**	**–**	**(1.6)**	0.4	–	0.3
EPRA – diluted	**39.8**	**146.9**	**27.1**	28.9	141.1	20.5
EPRA – basic	**39.8**	**145.7**	**27.3**	28.9	139.9	20.7

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 2015 £000	31 March 2014 £000
Basic net asset value	**750,914**	594,064
Exercise of share options	**452**	483
EPRA NNNAV	**751,366**	594,547
Adjustments:		
Fair value of derivatives	**3,679**	2,813
Fair value of derivatives – share of associate	**46**	(26)
Share of deferred tax in associates	**425**	–
EPRA NAV	**755,516**	597,334
Basic net assets per share (pence)	**484.0**	423.9
EPRA NNNAV per share (pence)	**478.5**	418.5
EPRA NAV per share (pence)	**481.1**	420.5
EPRA NAV (as above) (£000)	**755,516**	597,334
Valuation methodology assumption (see note 14) (£000)	**45,927**	37,057
Adjusted net asset value (£000)	**801,443**	634,391
Adjusted net assets per share (pence)	**510.4**	446.5

	No. of shares	No. of shares
Shares in issue	**158,055,735**	143,061,147
Own shares held in treasury	**(1,418,750)**	(1,418,750)
Own shares held in EBT	**(1,500,000)**	(1,500,000)
Basic shares in issue used for calculation	**155,136,985**	140,142,397
Exercise of share options	**1,896,437**	1,926,527
Diluted shares used for calculation	**157,033,422**	142,068,924

Net assets per share are shareholders' funds divided by the number of shares at the year end. The shares currently held in the Group's Employee Benefit Trust and in treasury 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).

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 2013	745,605	17,277	21,803	784,685
Additions	1,745	5,860	–	7,605
Capital Goods Scheme adjustment	1,186	–	–	1,186
Transfer to surplus land	(1,330)	–	–	(1,330)
Adjustment to present value	–	–	2,985	2,985
Revaluation (see note 14)	29,184	(834)	–	28,350
Depreciation	–	–	(974)	(974)
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 (see note 14)	63,594	871	–	64,465
Depreciation	–	–	(918)	(918)
At 31 March 2015	**1,007,110**	**15,681**	**20,829**	**1,043,620**

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 24. Included within additions is £0.4 million of capitalised interest (2014: £0.5 million), calculated at the Group's average borrowing cost for the year of 3.9%. 55 of the Group's investment properties are pledged as security for loans, with a total external value of £861.0 million.

The adjustment to present value in leasehold properties in the year arises due to the acquisition of the freehold of the Battersea store and extinguishment of the lease liability.

Accounting for the acquisition of Big Storage Limited

In January 2015 the Group acquired the entire share capital of Big Storage Limited for a property value of £24.9 million. The net consideration is shown below. The company owned five self storage centres in North West England. The Group subsequently transferred the store at Chester to another subsidiary company of the Group. This store will be rebranded as a Big Yellow.

To determine the assets and liabilities acquired at the date of completion of Big Storage Limited the Group have used the balance sheet at the date of acquisition. The following provides a breakdown of the fair value of the assets and liabilities acquired.

	£000
Investment property	24,900
Other non-current assets	17
Current assets	1,701
Current liabilities	(1,619)
Non-current liabilities	(9,885)
Net assets (100%)	15,114

	£000
Net assets acquired (100%)	15,114
Satisfied by cash consideration	(15,114)
	–

13. NON-CURRENT ASSETS (continued)

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

In February 2015, the Group sold the share capital of Big Storage Limited to a company ("Armadillo 2") in which it has a 20% interest, with the balance of the equity owned by an Australian consortium. The disposal was at book and fair value, so there was no profit or loss recorded on disposal. The following provides a breakdown of the assets and liabilities disposed of. Between transactions the Group controlled Big Storage Limited and contractually controlled the assets.

	£000
Investment property	19,300
Other non-current assets	17
Current assets	3,942
Current liabilities	(1,519)
Non-current liabilities	(14,126)
Net assets (100%)	7,614

	£000
Net assets disposed (100%)	7,614
Satisfied by cash consideration	(7,614)
	–

On a net basis, the Group acquired property of £5.6 million, cash of £1.9 million and invested £1.8 million into Armadillo 2.

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 2013	1,867	44	826	25	6,958	9,720
Reclassification	(9)	9	–	–	–	–
Retirement of fully depreciated assets	(15)	–	(418)	–	(5,813)	(6,246)
Additions	–	–	17	–	744	761
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**
Depreciation						
At 31 March 2013	(261)	(44)	(609)	(15)	(6,041)	(6,970)
Reclassification	2	(2)	–	–	–	–
Retirement of fully depreciated assets	15	–	418	–	5,813	6,246
Charge for the year	(49)	(3)	(27)	(7)	(440)	(526)
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)**
Net book value						
At 31 March 2015	**1,557**	**3**	**325**	**–**	**1,165**	**3,050**
At 31 March 2014	1,550	4	207	3	1,221	2,985

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.

13. NON-CURRENT ASSETS (continued)

d) Investment in associates

The table below shows the movement for all associates in the period and reconciles to the income statement and the balance sheet.

	Big Yellow Limited Partnership	Armadillo 1	Armadillo 2	Total associates
At the beginning of the year	17,861	–	–	17,861
Subscription for partnership capital and advances	–	3,648	1,789	5,437
Part disposal of Partnership interest	–	(1,728)	–	(1,728)
Share of results (see below)	1,564	1,807	145	3,516
Dividends	–	(89)	–	(89)
Acquisition of remaining interest	(19,425)	–	–	(19,425)
Investment at the end of year	–	3,638	1,934	5,572

Big Yellow Limited Partnership

At the start of the year the Group had a 33.3% interest in Big Yellow Limited Partnership. This interest was accounted for as an associate, using equity accounting. The Partnership commenced trading on 1 December 2007. 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 equity accounted as shown in the note below:

	31 March 2015 £000	31 March 2014 £000
At the beginning of the year	**17,861**	17,681
Share of results (see below)	**1,564**	180
Acquisition of remaining interest	**(19,425)**	–
	–	17,861

The figures below show the trading results of Big Yellow Limited Partnership, and the Group's share of the results and the net assets of the Partnership.

Big Yellow Limited Partnership	**1 April 2014 to 30 November 2014 £000**	Year ended 31 March 2014 £000
Income statement (100%)		
Revenue	**7,476**	9,529
Cost of sales	**(3,367)**	(4,846)
Administrative expenses	**(86)**	(112)
Operating profit	**4,023**	4,571
Gain/(loss) on the revaluation of investment properties	**2,473**	(1,985)
Net interest payable	**(1,569)**	(2,820)
Fair value movement of interest rate derivatives	**(233)**	774
Profit before and after tax	**4,694**	540

Balance sheet (100%)	**31 March 2015 £000**	31 March 2014 £000
Investment property	**–**	108,110
Other non-current assets	**–**	3,588
Current assets	**–**	3,009
Current liabilities	**–**	(3,201)
Derivative financial instruments	**–**	77
Non-current liabilities	**–**	(58,000)
Net assets (100%)	**–**	53,583

13. NON-CURRENT ASSETS (continued)

d) Investment in associates (continued)

Group share of (33.3%)	1 April 2014 to 30 November 2014 £000	Year ended 31 March 2014 £000
Operating profit	**1,341**	1,524
Gain/(loss) on the revaluation of investment properties	**824**	(662)
Net interest payable	**(523)**	(940)
Fair value movement of interest rate derivatives	**(78)**	258
Profit for the year	**1,564**	180
Associate net assets	**–**	17,861

Accounting for the acquisition

The following provides a breakdown of the fair value of the assets and liabilities acquired. The investment properties have been valued by the Directors with regard to the September 2014 property valuations performed by Cushman & Wakefield LLP uplifted for the capital movement in the two month period to the Acquisition date.

	£000
Investment property	111,055
Other non-current assets	3,566
Current assets	3,312
Current liabilities	(2,058)
Non-current liabilities	(57,000)
Net assets (100%)	58,875

	£000
Net assets acquired (66.67% of £58.9 million)	39,250
Satisfied by cash consideration	(39,250)
	–

From the date of acquisition of the Partnership on 1 December 2014 to 31 March 2015, the revenue of the Partnership was £3.7 million, and the statutory profit before tax was £4.3 million. The profit for the Partnership for the full year from 1 April 2014 was £9.0 million. Excluding the share of results of the Partnership as an associate of £1.6 million, the combined statutory profit before tax of the Group and the Partnership for the full year would have been £112.6 million.

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 2015 £000	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000
At the beginning of the year	**–**	–	**–**	–
Subscription for partnership capital and advances	**3,648**	–	**1,789**	–
Part disposal of Partnership interest	**(1,728)**	–	**–**	–
Share of results (see below)	**1,807**	–	**145**	–
Dividends	**(89)**	–	**–**	–
	3,638	–	**1,992**	–

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 2015 by Jones Lang LaSalle.

13. NON-CURRENT ASSETS (continued)

d) Investment in associates (continued)

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

	Armadillo Storage 1 Period from 16 April 2014 to 31 March 2015 £000	Armadillo Storage 2 Period from 3 February 2015 to 31 March 2015 £000
Income statement (100%)		
Revenue	4,321	627
Cost of sales	(2,258)	(335)
Administrative expenses	(100)	(75)
Operating profit	1,963	217
Gain on the revaluation of investment properties	10,078	1,449
Net interest payable	(504)	(73)
Acquisition costs written off	(467)	(540)
Fair value movement of interest rate derivatives	(197)	(35)
Deferred tax	(1,833)	(290)
Profit attributable to shareholders	9,040	728
Dividends paid	(447)	–
Retained profit	8,593	728
Balance sheet (100%)		
Investment property	30,125	23,175
Other non-current assets	1,005	1,465
Current assets	1,132	1,256
Current liabilities	(2,151)	(1,406)
Derivative financial instruments	(197)	(35)
Non-current liabilities	(11,721)	(14,785)
Net assets (100%)	18,193	9,670
Group share		
Operating profit	471	43
Gain on the revaluation of investment properties	2,042	290
Net interest payable	(123)	(15)
Acquisition costs written off	(177)	(108)
Fair value movement of interest rate derivatives	(39)	(7)
Deferred tax	(367)	(58)
Profit attributable to shareholders	1,807	145
Dividends paid	(89)	–
Retained profit	1,718	145
Associates' net assets	3,638	1,934

14. VALUATION OF INVESTMENT PROPERTY

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
Freehold stores			
At 31 March 2014	373,503	352,857	726,360
Transfer from surplus land	1,478	–	1,478
Acquisition of Partnership stores	111,055	–	111,055
Transfer from investment property under construction	12,990	(340)	12,650
Transfer on freehold acquisition	1,762	6,948	8,710
Movement in year	41,678	63,609	105,287
At 31 March 2015	**542,466**	**423,074**	**965,540**
Leasehold stores			
At 31 March 2014	16,199	33,831	50,030
Transfer on freehold acquisition	(1,762)	(6,948)	(8,710)
Movement in year	265	(15)	250
At 31 March 2015	**14,702**	**26,868**	**41,570**
Total of open stores			
At 31 March 2014	389,702	386,688	776,390
Transfer from surplus land	1,478	–	1,478
Acquisition of Partnership stores	111,055	–	111,055
Transfer from investment property under construction	12,990	(340)	12,650
Movement in year	41,943	63,594	105,537
At 31 March 2015	**557,168**	**449,942**	**1,007,110**
Investment property under construction			
At 31 March 2014	29,642	(7,339)	22,303
Transfer to investment property	(12,990)	340	(12,650)
Movement in year	5,157	871	6,028
At 31 March 2015	**21,809**	**(6,128)**	**15,681**
Valuation of all investment property			
At 31 March 2014	419,344	379,349	798,693
Transfer from surplus land	1,478	–	1,478
Acquisition of Partnership stores	111,055	–	111,055
Movement in year	47,100	64,465	111,565
At 31 March 2015	**578,977**	**443,814**	**1,022,791**

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 2015 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:

> Of the members of the RICS who have been the signatories to the valuations provided to the Group for the same purposes as this valuation, one has done so since September 2004 and the other has done so since September 2014;

> C&W have been carrying out this bi-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.

14. VALUATION OF INVESTMENT PROPERTYS (continued)

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 four transactions involving multiple assets and 8 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.

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 69 trading stores (both freeholds and leaseholds) open at 31 March 2015 averages 81.1% (31 March 2014: 81.1%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for the 69 stores to trade at their maturity levels is 24 months (31 March 2014: 31.5 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 69 stores is 6.4% (31 March 2014: 6.3%) rising to a stabilised net yield pre-administration expenses of 7.4% (31 March 2014: 7.8%).

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 10.4% (31 March 2014: 11.0%).

E. Purchaser's costs of 5.8% (see below) have been assumed initially and sale plus purchaser's costs totalling 6.8% 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 16.5 years (31 March 2014: seven short leasehold properties with 16.8 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. One scheme does not yet have planning consent and C&W have reflected the planning risk in their valuation.

14. VALUATION OF INVESTMENT PROPERTYS (continued)

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 maximise their attractiveness to the market place.

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 (either higher or lower) 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 5.8% 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. They 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 2015 of £1,068.4 million (£45.6 million higher than the value recorded in the financial statements). The total valuations in the two Armadillo Partnerships performed by Jones Lang LaSalle are £1.6 million higher than the value recorded in the financial statements, of which the Group's share is £0.3 million. The sum of these is £45.9 million and translates to 29.3 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 2014	6,059
Transfer to investment property	(1,478)
Disposal	(1,497)
Additions	231
At 31 March 2015	**3,315**

During the year a gain of £1,318,000 arose on the disposal of surplus land at one site (2014: no disposals).

16. TRADE AND OTHER RECEIVABLES

	31 March 2015 £000	31 March 2014 £000
Current		
Trade receivables	**3,062**	2,594
Capital Goods Scheme receivable	**184**	1,344
Other receivables	**371**	384
Prepayments and accrued income	**12,762**	9,209
	16,379	13,531
Non-current		
Capital Goods Scheme receivable	**9,039**	7,620

Trade receivables are net of a bad debt provision of £19,000 (2014: £42,000). 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.

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 by the customer. 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 £210,000 (2014: £285,000) 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 43 days past due (2014: 37 days past due).

Ageing of past due but not impaired receivables

	2015 £000	2014 £000
1 – 30 days	**44**	136
30 – 60 days	**33**	52
60 + days	**133**	97
Total	**210**	285

Movement in the allowance for doubtful debts

	2015 £000	2014 £000
Balance at the beginning of the year	**42**	45
Amounts provided in year	**99**	73
Amounts written off as uncollectible	**(122)**	(76)
Balance at the end of the year	**19**	42

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.

16. TRADE AND OTHER RECEIVABLES (continued)

Ageing of impaired trade receivables

	2015 £000	2014 £000
1 – 30 days	**–**	–
30 – 60 days	**3**	5
60 + days	**16**	37
Total	**19**	42

17. TRADE AND OTHER PAYABLES

	31 March 2015 £000	31 March 2014 £000
Current		
Trade payables	**11,653**	10,758
Other payables	**7,286**	5,647
Accruals and deferred income	**13,640**	10,330
Amounts owed to associate	**–**	2
VAT repayable under Capital Goods Scheme	**33**	81
	32,612	26,818

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 require 50% 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:

	31 March 2015 £000	31 March 2014 £000
Debt	**(285,334)**	(229,368)
Cash and cash equivalents	**8,194**	3,301
Net debt	**(277,140)**	(226,067)
Balance sheet equity	**750,914**	594,064
Net debt to equity ratio	**36.9%**	38.1%

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.

18. FINANCIAL INSTRUMENTS (continued)

B. Debt management

The Group currently borrows through a senior term loan, secured on 40 self storage assets and sites, and through a 15 year loan with Aviva Commercial Finance Limited secured on a portfolio of 15 self storage assets. The Group also has a short term bridging loan from Lloyds of £70 million, which is to be repaid through a £70 million seven year loan from M&G Investments Limited, which will be 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 2015 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) with a forward start date of 29 June 2015. This forward start swap is included in the total amount of fixed debt for the purposes of meeting the requirement to have at least 50% of debt fixed.

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 forward start interest rate swap settles on a three-monthly basis. The floating rate on the interest rate swap is three month LIBOR. The Group will settle 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 £2,274,000 (2014: gain of £2,681,000).

The fair value of the above derivatives at 31 March 2015 was a liability of £3,679,000 (2014: liability of £2,813,000).

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 2015, 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 £805,000 (2014: reduced adjusted profit before tax by £315,000) 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 £805,000 (2014: increased adjusted profit before tax by £315,000). 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 increased during the year, following the drawing of further 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.

18. FINANCIAL INSTRUMENTS (continued)

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 47,000 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.

2015 Maturity	**Total £000**	**Less than one year £000**	**One to two years £000**	**Two to five years £000**	**More than five years £000**
Debt					
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**

The £70 million loan showing as due within one year will be repaid through the drawing of the seven year £70 million facility from M&G Investments Limited in June 2015.

2014 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Aviva mortgage	96,368	2,034	2,136	7,073	85,125
Bank loan payable at variable rate	63,000	–	–	63,000	–
Debt fixed by interest rate derivatives	70,000	–	–	70,000	–
Total	229,368	2,034	2,136	140,073	85,125

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.

18. FINANCIAL INSTRUMENTS (continued)

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:

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	32,612	1,175	82,267	1,735	117,789
Total	**32,612**	**4,189**	**367,716**	**33,206**	**437,723**

2014	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Finance leases £000	Total £000
From five to twenty years	–	–	115,534	28,355	143,889
From two to five years	–	306	155,696	6,308	162,310
From one to two years	–	1,062	12,279	1,646	14,987
Due after more than one year	–	1,368	283,509	36,309	321,186
Due within one year	26,818	1,558	12,279	1,646	42,301
Total	26,818	2,926	295,788	37,955	363,487

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.

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**

2014	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	85,125	29,119	1,290	115,534
From two to five years	140,073	15,623	–	155,696
From one to two years	2,136	10,143	–	12,279
Due after more than one year	227,334	54,885	1,290	283,509
Due within one year	2,034	10,245	–	12,279
Total	229,368	65,130	1,290	295,788

19. BORROWINGS

Secured borrowings at amortised cost	31 March 2015 £000	31 March 2014 £000
Current liabilities		
Aviva mortgage	**2,136**	2,034
Bank borrowings	**70,000**	–
	72,136	2,034
Non-current liabilities		
Bank borrowings	**121,000**	133,000
Aviva mortgage	**92,198**	94,334
Unamortised loan arrangement costs	**(2,462)**	(1,290)
Total non-current borrowings	**210,736**	226,044
Total borrowings	**282,872**	228,078

The weighted average interest rate paid on the borrowings during the year was 3.9% (2014: 4.5%).

The Group has £49,000,000 in undrawn committed bank borrowing facilities at 31 March 2015, which expire between four and five years (2014: £22,000,000 expiring between two and three years). Additionally, the Group has a £70 million committed facility from M&G Investments Limited which it intends to draw in June 2015 to repay the bridging facility from Lloyds. The M&G facility expires in June 2022.

In April 2012, the Group completed 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 1.625%.

The Group was in compliance with its banking covenants at 31 March 2015 and throughout the year.

Interest rate profile of financial liabilities

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 2015						
Gross financial liabilities	**285,334**	**161,000**	**124,334**	**3.3%**	**8.0 years**	**5.0 years**
At 31 March 2014						
Gross financial liabilities	229,368	63,000	166,368	4.5%	7.4 years	6.1 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 equates 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 (£0.2 million), interest rate swaps (£0.7 million), corporation tax losses (£5.4 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 minimum of lease payments	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Amounts payable under finance leases:				
Within one year	**1,735**	1,646	**1,705**	1,615
Within two to five years inclusive	**6,942**	7,954	**6,077**	6,973
Greater than five years	**24,529**	28,355	**13,047**	15,226
	33,206	37,955	**20,829**	23,814
Less: future finance charges	**(12,377)**	(14,141)		
Present value of lease obligations	**20,829**	23,814		

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	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Ordinary shares of 10 pence each	**20,000**	20,000	**15,806**	14,306

Movement in issued share capital	
Number of shares at 31 March 2013	142,639,647
Exercise of share options – Share option schemes	421,500
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**

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

At 31 March 2015 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 2015**	Number of ordinary shares 2014
9 July 2008	nil p**	9 July 2011	8 July 2018	**–**	7,320
3 August 2009	nil p**	3 August 2012	2 August 2019	**2,075**	5,625
12 July 2010	nil p**	12 July 2013	11 July 2020	**5,807**	14,049
28 February 2011	263p*	28 February 2014	29 August 2014	**–**	24,471
19 July 2011	nil p**	19 July 2013	19 July 2021	**14,587**	485,582
12 March 2012	240p*	1 April 2015	1 October 2015	**92,347**	99,088
11 July 2012	nil p**	11 July 2015	10 July 2022	**616,977**	621,977
12 March 2013	305.5p*	1 April 2016	1 October 2016	**32,254**	38,954
19 July 2013	nil p**	19 July 2016	19 July 2023	**511,821**	514,821
25 February 2014	442.6p*	1 April 2017	1 October 2017	**24,711**	25,686
29 July 2014	nil p**	29 July 2017	29 July 2024	**511,091**	–
16 March 2015	494.6p*	1 April 2018	1 October 2018	**106,541**	–
				1,918,211	1,837,573

* SAYE (see note 23) ** LTIP (see note 23)

22. SHARE CAPITAL (continued)

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. 1,500,000 shares are held in the Employee Benefit Trust (2014: 1,500,000), and 1,418,750 shares are held in treasury (2014: 1,418,750).

23. SHARE-BASED PAYMENTS

The Company has four equity share-based payment arrangements, namely approved and unapproved share option schemes, an LTIP scheme, 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 £2,059,000 (2014: £1,437,000).

Equity-settled share option plans

The Group granted options to employees under Approved and Unapproved Inland Revenue Share option schemes between November 1999 and November 2003. 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 70 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 fully vested in the year. The weighted average share price at the date of exercise for options exercised in the year was £5.40 (2014: £4.50).

14,350 options were exercised in the prior year for the "ESO" share option scheme. These were the last options remaining under this scheme.

LTIP scheme	2015 No. of options	2014 No. of options
Outstanding at beginning of year	**1,649,374**	1,746,765
Granted during the year	**724,345**	514,821
Lapsed during the year	**(93,955)**	(213,310)
Exercised during the year	**(617,406)**	(398,902)
Outstanding at the end of the year	**1,662,358**	1,649,374
Exercisable at the end of the year	**22,469**	–

The weighted average fair value of options granted during the year was £907,000 (2014: £759,000).

Employee Share Save Scheme ("SAYE")	2015 No. of options	2015 Weighted average exercise price £	2014 No. of options	2014 Weighted average exercise price £
Outstanding at beginning of year	**188,199**	**2.84**	198,646	2.61
Granted during the year	**106,541**	**4.95**	25,686	3.04
Forfeited during the year	**(14,416)**	**2.83**	(27,885)	2.74
Exercised during the year	**(24,471)**	**2.63**	(8,248)	2.55
Outstanding at the end of the year	**255,853**	**3.74**	188,199	2.84
Exercisable at the end of the year	**–**	**–**	–	–

23. SHARE-BASED PAYMENTS (continued)

Options outstanding at 31 March 2015 had a weighted average contractual life of 2 years (2014: 1.8 years).

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

	LTIP	SAYE
Expected volatility	22%	24%
Expected life	3 years	3 years
Risk-free rate	0.7%	0.7%
Expected dividends	4.1%	4.1%

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 Group has a joint share ownership plan in place. This is accounted for as an equity instrument. The plan was set up in November 2012. Directors have a partial interest in 1,500,000 shares with the Group's Employee Benefit Trust. The fair value of each award is £2 subject to the vesting criteria as set out in the Directors' Remuneration Report. At 31 March 2015 the weighted average contractual life was 0.6 years.

24. CAPITAL COMMITMENTS

At 31 March 2015 the Group had capital commitments of £4.4 million in respect of the acquisition of a property in Cambridge, which completed on 1 April 2015. There were no other amounts contracted but not provided in respect of the Group's properties as at 31 March 2015 (2014: no capital commitments).

25. EVENTS AFTER THE BALANCE SHEET DATE

There are no reportable post balance sheet events.

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 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 during the period on normal commercial terms as shown in the table below. In the prior year fees earned from Armadillo were not a related party transaction.

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 during the period on normal commercial terms as shown in the table below.

	31 March 2015 £000	31 March 2014 £000
Fees earned from Big Yellow Limited Partnership (to 30 November 2014)	**458**	640
Fees earned from Armadillo 1 (since 16 April 2014)	**560**	–
Fees earned from Armadillo 2	**208**	–
Balance due from the Partnership	**–**	338
Balance due from Armadillo 1	**287**	–
Balance due from Armadillo 2	**71**	–

26. RELATED PARTY TRANSACTIONS (continued)

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 76 to 83.

	31 March 2015 £000	31 March 2014 £000
Short term employee benefits	**1,282**	1,216
Post-employment benefits	**95**	92
Share based payments	**4,410**	633
	5,787	1,941

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 (2014: £32,000).

No other related party transactions took place during the years ended 31 March 2015 and 31 March 2014.

Company Balance Sheet

Year ended 31 March 2015

	Note	2015 £000	2014 £000
Non-current assets			
Plant, equipment and owner-occupied property	*29a*	**1,557**	1,551
Investment in subsidiary companies	*29b*	**13,157**	9,443
		14,714	10,994
Current assets			
Trade and other receivables	*30*	**606,104**	504,280
Cash and cash equivalents		**33**	1,055
		606,137	505,335
Total assets		**620,851**	516,329
Current liabilities			
Trade and other payables	*31*	**(2,757)**	(2,096)
		(2,757)	(2,096)
Non-current liabilities			
Derivative financial instruments	*32*	**(955)**	(2,813)
Bank borrowings	*32*	**(189,747)**	(133,000)
		(190,702)	(135,813)
Total liabilities		**(193,459)**	(137,909)
Net assets		**427,392**	378,420
Equity			
Called up share capital	*22*	**15,806**	14,306
Share premium account		**44,922**	44,278
Reserves		**366,664**	319,836
Equity shareholders' funds		**427,392**	378,420

The financial statements were approved by the Board of Directors and authorised for issue on 18 May 2015. 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 2015

	2015 £000	2014 £000
Operating loss	**(974)**	(529)
Depreciation	**36**	34
(Increase)/decrease in receivables	**(100,333)**	31,097
Increase in payables	**661**	623
Cash (used)/generated by operations	**(100,610)**	31,225
Interest paid	**(5,126)**	(5,784)
Interest received	**9**	8
Tax credit received	**184**	–
Cash flows from operating activities	**(105,543)**	25,449
Purchase of non-current assets	**(41)**	–
Cash flows from investing activities	**(41)**	–
Financing activities		
Issue of share capital	**77,094**	42
Equity dividends paid	**(27,890)**	(19,591)
Payments to cancel interest rate derivative	**(1,408)**	–
Refinancing fees	**(1,234)**	
Increase/(reduction) in borrowings	**58,000**	(7,000)
Cash flows from financing activities	**104,562**	(26,549)
Net decrease in cash and cash equivalents	**(1,022)**	(1,100)
Opening cash and cash equivalents	**1,055**	2,155
Closing cash and cash equivalents	**33**	1,055

Company Statement of Changes in Equity

Year ended 31 March 2015

	Share capital £000	Share premium accounts £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earning £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)
Equity dividends paid	–	–	–	–	(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**

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

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

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

Year ended 31 March 2014

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2013	14,264	44,278	1,653	339,054	(5,623)	393,626
Total comprehensive gain for the year	–	–	–	2,906	–	2,906
Equity dividends paid	–	–	–	(19,591)	–	(19,591)
Issue of share capital	42	–	–	–	–	42
Credit to equity for equity-settled share based payments	–	–	–	1,437	–	1,437
At 31 March 2014	14,306	44,278	1,653	323,806	(5,623)	378,420

27. (LOSS)/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 £2.3 million (2014: profit of £2.9 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	Total £000
Cost			
At 31 March 2014	1,843	18	1,861
Additions	42	–	42
At 31 March 2015	**1,885**	**18**	**1,903**
Accumulated depreciation			
At 31 March 2014	(293)	(17)	(310)
Charge for the year	(35)	(1)	(36)
At 31 March 2015	**(328)**	**(18)**	**(346)**
Net book value			
At 31 March 2015	**1,557**	**–**	**1,557**
At 31 March 2014	1,551	–	1,551

b) Investments in subsidiary companies

	Investment in subsidiary undertakings £000
Cost	
At 31 March 2014	9,443
Additions	3,714
At 31 March 2015	**13,157**

29. NON-CURRENT ASSETS (continued)

b) Investments in subsidiary companies (continued)

The Group comprises a large number of companies so has taken advantage of the exemption under section 410(2) of the Companies Act 2006 in providing information only in relation to subsidiary undertakings whose results or financial position, in the opinion of Directors, principally affect the financial statements. The principal subsidiaries, wholly-owned and, except where stated, registered and operating in England and Wales, are:

Name of subsidiary	Place of incorporation ownership (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
.Big Yellow Self Storage Company Limited	UK	100	100	Self storage
Big Yellow Self Storage Company A Limited	UK	100	100	Self storage
Big Yellow Self Storage Company 8 Limited	UK	100	100	Self storage
BYSSCo Limited	UK	100	100	Self storage
Big Yellow Limited Partnership	UK	100	100	Self storage
Big Yellow Self Storage Company M Limited	UK	100	100	Self storage
Big Yellow Holding Company Limited	UK	100	100	Holding Company
BYRCo Limited	UK	100	100	Property management
Big Yellow Construction Company Limited	UK	100	100	Construction management
.Big Yellow Self Storage (GP) Limited	UK	100	100	General Partner

Details of the Company's associates at 31 March 2015 are as follows:

Name of associate	Place of incorporation ownership (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Armadillo Storage Holding Company Limited	UK	20	20	Self Storage
Armadillo Storage Holding Company 2 Limited	UK	20	20	Self Storage

Big Yellow Limited Partnership was a 33.3% associate until its acquisition by the Group on 1 December 2014.

30. TRADE AND OTHER RECEIVABLES

	31 March 2015 £000	31 March 2014 £000
Amounts owed by Group undertakings	**606,001**	504,174
Prepayments and accrued income	**103**	106
	606,104	504,280

31. TRADE AND OTHER PAYABLES

	31 March 2015 £000	31 March 2014 £000
Current		
Other payables	**2,277**	1,631
Accruals and deferred income	**480**	465
	2,757	2,096

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 2015 was paying a margin of 1.4% above one month LIBOR, the fixed rate debt was paying a weighted average margin of 1.75%. The Group's policy on risk management is set out in the Report on Corporate Governance on page 60 and in note 18.

	31 March 2015 £000	31 March 2014 £000
Bank borrowings	**191,000**	133,000
Unamortised loan arrangement fees	**(1,253)**	–
	189,747	133,000

Maturity profile of financial liabilities

	2015 Financial liabilities £000	2014 Financial liabilities £000
Between one and two years	**70,000**	–
Between two and five years	**121,000**	133,000
Gross financial liabilities	**191,000**	133,000

The fair value of interest rate derivatives at 31 March 2015 was a liability of £955,000 (2014: liability of £2,813,000). 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 £2,757,000 in the current year (2014: £2,096,000), 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 £606,001,000 (2014: £504,174,000), including intercompany interest receivable of £5,892,000 (2014: £6,545,000).

Ten Year Summary

Year ended 31 March 2015

Results	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Revenue	**84,276**	72,196	69,671	65,663	61,885	57,995	58,487	56,870	51,248	41,889
Operating profit before gains and losses on property assets	**48,420**	39,537	37,454	35,079	32,058	29,068	30,946	29,342	27,067	21,645
Cash flow from operating activities	**42,397**	32,752	30,186	27,388	23,534	19,063	10,203	14,388	16,726	16,125
Profit/(loss) before taxation	**105,236**	59,848	31,876	(35,551)	6,901	10,209	(71,489)	102,618	152,837	118,547
Adjusted profit before taxation	**39,405**	29,221	25,471	23,643	20,207	16,514	13,791	15,006	14,233	12,601
Net assets	**750,914**	594,064	552,628	494,500	544,949	547,285	502,317	580,886	487,979	244,139
EPRA earnings per share	**27.1p**	20.5p	19.3p	18.2p	15.5p	13.0p	11.9p	11.7p	10.0p	8.9p
Declared total dividend per share	**21.7p**	16.4p	11.0p	10.0p	9.0p	4.0p	0p	9.5p	9.0p	5.0p
Key statistics										
Number of stores open	**69**	66	66	65	62	60	54	48	43	37
Sq ft occupied (000)	**3,178**	2,832	2,632	2,458	2,130	1,915	1,775	1,850	1,835	1,672
Occupancy increase in year 000 sq ft)	**346**	200	174	328	215	140	(75)	15	163	202
Number of customers	**47,250**	41,800	38,500	36,300	32,800	30,500	28,500	30,500	30,100	27,800
Average no. of employees during the year	**300**	289	286	279	273	252	239	218	191	178