Company Registration No 04103205

# .Big Yellow Self Storage (GP) Limited

(formerly Speed 8501 Limited)

**Report and Financial Statements**

**Year ended 31 March 2008**



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# .Big Yellow Self Storage (GP) Limited
(formerly Speed 8501 Limited)

## Report and financial statements 2008

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# .Big Yellow Self Storage (GP) Limited
(formerly Speed 8501 Limited)

# Report and financial statements 2008

## Officers and professional advisers

**Directors**

Nicholas Vetch (appointed 12 November 2007)
Adrian Lee (appointed 6 July 2007)
Benjamin Penaliggon (appointed 7 January 2008)
Kaushik Shah (appointed 22 November 2007)
Philip Barrett (appointed 22 November 2007, resigned 7 January 2008)
James Gibson (appointed 6 July 2007, resigned 12 November 2007)
John Trotman (appointed 6 July 2007, resigned 12 November 2007)
Robert Black (resigned 6 July 2007)

**Secretary**

Michael Cole

**Registered office**

2 The Deans
Bridge Road
Bagshot
Surrey
GU19 5AT

**Bankers**

The Royal Bank of Scotland plc
8th Floor
280 Bishopsgate
London
EC2M 4RB

**Solicitors**

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

**Auditors**

Deloitte & Touche LLP
Chartered Accountants
London

# .Big Yellow Self Storage (GP) Limited
(formerly Speed 8501 Limited)

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2008.

The directors have elected to prepare the financial statements for the company in accordance with International Financial Reporting Standards ("IFRS").

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

**Principal activities and future prospects**

The company is the General Partner of Big Yellow Limited Partnership, and has a 0.1% share in the Partnership.

The directors' are satisfied with the performance of the company in the period and are positive about the outlook of the business.

**Share capital**

The authorised and issued share capital of the company at the beginning and end of the year was £1,000 and £1 respectively. The entire share capital of the company was acquired on 6 July 2007 by .Big Yellow Self Storage Company Limited for £1.

Subsequent to this, the authorised share capital was increased to £2,000. This share capital has been subscribed as follows:

| | |
|---|---|
| .Big Yellow Self Storage Company Limited | £1,020 |
| Pramerica Bell (Jersey) 2 Limited | £980 |

**Change of company name**

The company changed its name from Speed 8501 Limited to .Big Yellow Self Storage (GP) Limited on 16 November 2007.

**Results and dividends**

The income statement is set out on page 7 of the financial statements. The directors do not recommend the payment of a dividend (2007: nil).

**Directors**

The directors of the company who served throughout the period and subsequently, except as noted, are shown on page 1.

## .Big Yellow Self Storage (GP) Limited
(formerly Speed 8501 Limited)

## Directors' report

**Auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In accordance with Section 386 of the Companies Act 1985, an elective resolution has been passed by the company which eliminates the need to hold Annual General Meetings and annually appoint auditors. Deloitte & Touche LLP will remain as auditors unless a special resolution is passed by the company changing this status.

Approved by the Board of Directors
and signed on behalf of the Board

MCole

Michael Cole
Secretary

30 Sept 2008

# .Big Yellow Self Storage (GP) Limited
(formerly Speed 8501 Limited)

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- 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 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 1985. 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.

# Independent auditors' report to the members of .Big Yellow Self Storage (GP) Limited (formerly Speed 8501 Limited)

We have audited the financial statements of .Big Yellow Self Storage (GP) Limited (formerly Speed 8501 Limited) for the year ended 31 March 2008 which comprises the income statement, the balance sheet, the statement of recognised income and expense, the cash flow statement and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the annual report.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Independent auditors' report to the members of .Big Yellow Self Storage (GP) Limited (formerly Speed 8501 Limited)

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the company's affairs as at 31 March 2008 and of the loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche LLP

**Deloitte & Touche LLP**
Chartered Accountants and Registered Auditors
London

17 October 2008

# .Big Yellow Self Storage (GP) Limited
(formerly Speed 8501 Limited)

## Income statement
## Year ended 31 March 2008

| | Notes | Year ended 31 March 2008 £ | Year ended 31 March 2007 £ |
|---|---|---|---|
| **Revenue** | | - | - |
| Cost of sales | | - | - |
| **Operating profit** | 3 | - | - |
| Finance costs | 4 | (36) | - |
| **Loss before taxation** | | (36) | - |
| Taxation | 5 | - | - |
| **Loss for the period (attributable to equity shareholders)** | | (36) | - |

All recognised gains and losses in the current financial period are reflected in the income statement and are derived from continuing activities.

# Big Yellow Self Storage (GP) Limited
(formerly Speed 8501 Limited)

## Balance sheet
## 31 March 2008

| | Notes | 2008<br>£ | 2007<br>£ |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment in partnership | 6a | 75 | - |
| Investment in subsidiaries | 6b | 2 | - |
| | | 77 | - |
| **Current assets** | | | |
| Cash and cash equivalents | | 1,889 | 1 |
| **Total assets** | | 1,966 | 1 |
| **Current liabilities** | | | |
| Amounts owed to associated companies | | (2) | - |
| **Total liabilities** | | (2) | - |
| **Net assets** | | 1,964 | - |
| **Equity** | | | |
| Called-up share capital | 7 | 2,000 | 1 |
| Reserves | 9 | (36) | - |
| **Equity shareholders' funds** | | 1,964 | 1 |

The financial statements were approved by the board of directors on 30 Sept 2008. They were signed on its behalf by:

Kaushik Shah
Director

Adrian Lee
Director

## .Big Yellow Self Storage (GP) Limited
(formerly Speed 8501 Limited)

## Statement of recognised income and expense
## Year ended 31 March 2008

| | Year ended 31 March 2008 £ | Year ended 31 March 2007 £ |
|---|---|---|
| Loss for the period | (36) | - |
| **Total recognised income and expense for the period attributable to equity shareholders** | (36) | - |

## Cash flow statement
## Year ended 31 March 2008

| | 2008 £ | 2007 £ |
|---|---|---|
| Operating profit | - | - |
| **Cash generated from operations** | - | - |
| Interest paid | (36) | - |
| **Cash flows from operating activities** | (36) | - |
| **Investing activities** | | |
| Investment in partnership | (75) | - |
| **Cash flows from investing activities** | (75) | - |
| **Financing activities** | | |
| Subscription for share capital | 1,999 | - |
| **Cash flows from financing activities** | 1,999 | - |
| **Net increase in cash and cash equivalents** | 1,888 | - |
| **Opening cash and cash equivalents** | 1 | 1 |
| **Closing cash and cash equivalents** | 1,889 | 1 |

# .Big Yellow Self Storage (GP) Limited
(formerly Speed 8501 Limited)

## Notes to the financial statements
## Year ended 31 March 2008

1. **General information**

.Big Yellow Self Storage (GP) Limited is a company incorporated in Great Britain under the Companies Act 1985. The address of the registered office is given on page 1.

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

2. **Significant accounting policies**

**Basis of accounting**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation and with those parts of the Companies Act 1985 that are applicable to companies reporting under IFRS.

The company has applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretation Committee relevant to its operations and effective for accounting periods beginning on or after 1 April 2005. Accounting standards and interpretations in issue at that date of authorisation of the financial statements but not yet effective are not expected to have material impact on the financial statements of the company.

The financial statements have been prepared on the historic cost basis.

**Investment in Partnership**

The investment in the Partnership is initially recorded at cost. The Company's share of profits from the Partnership will be recognised in the income statement as they arise. To the extent that the investment value has been permanently diminished, this will be recorded against the cost of investment.

**Investment in subsidiaries**

These are recognised at cost less provision for any impairment.

**Finance costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**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 income statement 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 company'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.

# Notes to the financial statements
# Year ended 31 March 2008

**2. Significant accounting policies (continued)**

**Taxation (continued)**

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company 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 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 income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**Impairment of assets**

At each balance sheet date, the company 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).

**Critical accounting estimates and judgements**

The preparation of financial statements under IFRS requires management to make estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual outcomes may therefore differ from these estimates and assumptions. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

**Cash and cash equivalents**

Cash and cash equivalents comprises cash and short term deposits. The carrying amounts of these assets approximates to the fair value.

**3. Operating profit**

The auditors' remuneration for the audit of the company's accounts was £1,000 (2007: £nil). The auditors' remuneration was borne by the company's parent company.

**.Big Yellow Self Storage (GP) Limited**
(formerly Speed 8501 Limited)

# Notes to the financial statements
# Year ended 31 March 2008

**4. Finance costs**

| | Year ended 31 March 2008 £ | Year ended 31 March 2007 £ |
|---|---|---|
| Other interest payable | 36 | - |

**5. Taxation**

| | 2008 £ | 2007 £ |
|---|---|---|
| **Current tax** | | |
| Current period | - | - |
| | - | - |

A reconciliation of the tax charge is shown below:

| | Year ended 31 March 2008 £ | Year ended 31 March 2007 £ |
|---|---|---|
| Loss before tax | (36) | - |
| Tax charge at 30% thereon | 11 | - |
| Effects of: | | |
| Group relief surrendered | (11) | - |
| **Total tax charge** | - | - |

## 6. Investments

*6a Investment in Partnership*

| | £ |
|---|---|
| **At 1 April 2006 and 1 April 2007** | - |
| Subscription for partnership capital | 75 |
| **At 31 March 2008** | 75 |

The investment is in Big Yellow Limited Partnership, and was paid by the company as a capital contribution.

*6b Investment in Subsidiaries*

| | £ |
|---|---|
| **At 1 April 2006 and 1 April 2007** | - |
| Subscription for share capital | 2 |
| **At 31 March 2008** | 2 |

The investment balance represents a £1 investment in Big Yellow Nominee No. 1 Limited and a £1 investment in Big Yellow Nominee No. 2 Limited, both companies are incorporated in the United Kingdom. The Company owns 100% of the voting interest and power in both of these companies. The principal activity of both companies is to act as nominee companies on behalf of Big Yellow Limited Partnership.

## 7. Called up share capital

| | 2008 £ | 2007 £ |
|---|---|---|
| **Authorised:** | | |
| 2,000 ordinary shares of £1 each (2007: 1,000 ordinary shares of £1 each) | 2,000 | 1,000 |
| **Called up, allotted and fully paid:** | | |
| 2,000 ordinary shares of £1 each (2007: 1 ordinary share of £1) | 2,000 | 1 |

# .Big Yellow Self Storage (GP) Limited
(formerly Speed 8501 Limited)

## Notes to the financial statements
## Year ended 31 March 2008

**8. Related party transactions**

The related party transactions in the current year relate to the investment in Big Yellow Limited Partnership of £75, and the investments in Big Yellow Nominee No. 1 Limited and Big Yellow Nominee No. 2 Limited. The Company has a 0.1% interest in Big Yellow Limited Partnership, and acts as the General Partner to the Partnership. There were no related party transactions in the prior year.

**9. Reserves**

| | £ |
|---|---|
| At 1 April 2006 and 1 April 2007 | - |
| Loss for the year | (36) |
| At 31 March 2008 | (36) |

**10. Financial Instruments**

The Company has no liabilities other than the balance owed to associated companies which is carried at amortised cost, and the Board is satisfied with the capital position of the Company. The cash and cash equivalents are stated at fair value.

The fair value of the investment in Partnership cannot be measured reliably as the investment does not have a quoted market price and is not traded in an active market. The Company has no intention of disposing of its interest in the Partnership.

**11. Ultimate parent company and controlling party**

In the opinion of the Directors, the company is jointly controlled by .Big Yellow Self Storage Company Limited and Pramerica Bell (Jersey) 2 Limited. The ultimate parent of .Big Yellow Self Storage Company Limited is Big Yellow Group PLC, incorporated in the United Kingdom. The ultimate parent of Pramerica Bell (Jersey) 2 Limited is Prudential Financial Inc, incorporated in the United States of America.

The accounts of the ultimate parent companies, Big Yellow Group PLC and Prudential Financial Inc, can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ, and Prudential Financial Inc, 751 Broad Street, Newark, NJ 07102, United States of America respectively.

Partnership registration: LP012574

# Big Yellow Limited Partnership

## REPORT AND FINANCIAL STATEMENTS

## Period from incorporation on 16 November 2007 to 31 March 2008

# Big Yellow Limited Partnership

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# Big Yellow Limited Partnership

# REPORT OF THE GENERAL PARTNER

# Period ended 31 March 2008

The general partner submits its report and the Partnership financial statements for the period ended 31 March 2008.

### Incorporation

The Partnership was incorporated on 16 November 2007.

### Business review future prospects

The General Partner of Big Yellow Limited Partnership is .Big Yellow Self Storage (GP) Limited. The Limited Partners of the partnership are Last Mile Company Limited and Pramerica Bell (Jersey) Unit Trust. The Limited Partners have made an initial capital contribution of £24,975 and £49,950 respectively. Advances by the Limited Partners are made to the Partnership in the ratio of one third and two thirds respectively, and profits and losses are initially shared in this ratio. The General Partner made a capital contribution of £75 to the Partnership.

The Partnership is an investment partnership established to develop and operate Big Yellow self storage centres in the Midlands, the North of England and Scotland. At 31 March 2008 the Partnership was trading from one store, Leeds, and had a further five stores under development, two in Sheffield, and one each in Liverpool, Nottingham and Edinburgh. The Partnership has also entered into conditional contracts to acquire proposed stores in Birmingham and Manchester.

On 8 July 2008, the Partnership acquired additional development sites in Camberley, High Wycombe, Poole and Reading from Big Yellow Group PLC. In addition, it agreed to extend the geographical scope to cover the area outside the M25 as well as the area of the Midlands and the North, for the next seven sites acquired by the Partnership.

On 15 July 2008, the Partnership acquired a site in Stockport, Greater Manchester from a third party. This prominent site for the development of a 60,000 sq ft self storage centre, is part of a 15 acre new mixed commercial scheme, overlooking the M60 orbital motorway.

The Partnership qualifies for exempt from the requirement to report as required by s246 (4) of the Companies Act 1985 due to its size.

### Results

The Partnership made a loss of £748,000 in the period. The Partners are optimistic about the future prospects of the Partnership.

### Auditors

The Partnership has appointed Deloitte & Touche LLP as auditors. The Partnership has elected to dispense with the obligation to appoint auditors annually and accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

### Provision of information to auditors

In accordance with Section 234ZA of the Companies Act 1985, each of the Partners at the date of approval of this report have confirmed that:

(a) so far as they are aware, there is no relevant audit information of which the Partner's auditors are unaware; and,

(b) they have taken all the steps that they ought to have taken as Partners in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Approved by .Big Yellow Self Storage (GP) Limited, the general partner, and signed on its behalf.
30 September 2008

## Big Yellow Limited Partnership

## STATEMENT OF GENERAL PARTNERS' RESPONSIBILITIES

The Big Yellow Limited Partnership ('the Partnership') is registered pursuant to the provisions of The Limited Partnerships Act 1907. The Partnerships and Unlimited Companies (Accounts) Regulations 1993 (SI 1820/1993) require certain qualifying partnerships to prepare and have audited annual accounts and reports as required for a company by the Companies Act 1985. The Partnership is a qualifying partnership as all its members are limited companies.

.Big Yellow Self Storage (GP) Limited, acting as the general partner, is responsible under the Limited Partnership Agreement for preparing the Report and Financial Statements in accordance with applicable law and regulations.

The general partner is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the general partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The general partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with SI 1820/1993 (Regulation 4). It is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF THE BIG YELLOW LIMITED PARTNERSHIP

We have audited the financial statements (the "financial statements") of Big Yellow Limited Partnership for the period from incorporation on 16 November 2007 to 31 March 2008 which comprise the income statement, the balance sheet, the statement of recognised income and expense, reconciliation of movements in partners' capital, the cash flow statement, the reconciliation of net cash flow to movement in net debt and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members of the Partnership, as a body, in accordance with section 235 of the Companies Act 1985 as applicable to qualifying partnerships. Our audit work has been undertaken so that we might state to the partnership's members those matters we are required to state to them in an auditors' 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 members of the partnership, as a body, for our audit work, for this report, or for the opinions we have formed.

*Respective responsibilities of the general partner and auditors*

The general partner's responsibilities for preparing the Report and Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of general partner's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985 as applied to qualifying partnerships by the Partnerships and Unlimited Companies (Regulations) 1993. We also report to you if, in our opinion, the information given in the general partner's report is not consistent with the financial statements, if the partnership has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding members' remuneration and other transactions is not disclosed.

We read the general partner's report and the other information contained in the annual report for the above period as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

*Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the general partner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the partnership's circumstances, consistently applied and adequately disclosed.

# INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF THE BIG YELLOW LIMITED PARTNERSHIP (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

*Opinion*

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the partnership's affairs as at 31 March 2008 and of its loss for the period then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985 as applied to qualifying partnerships; and

- the information given in the general partner's report is consistent with the financial statements.

**Deloitte & Touche LLP**
Chartered Accountants and Registered Auditors
London
17 October 2008

# Big Yellow Limited Partnership

## Balance Sheet
## 31 March 2008

| | Notes | 2008 £'000 |
|---|---|---|
| **Non-current assets** | | |
| Investment property | 6 | 11,830 |
| Development property | 6 | 10,711 |
| Plant, equipment and owner-occupied property | 6 | 49 |
| | | 22,590 |
| **Current assets** | | |
| Cash | | 3,309 |
| Trade and other receivables | 7 | 222 |
| Non-current assets classified as held for sale | 6d | 200 |
| | | 3,731 |
| **Total assets** | | 26,321 |
| **Current liabilities** | | |
| Trade and other payables | 8 | (1,153) |
| Derivative financial instruments | 10 | (165) |
| | | (1,318) |
| **Non-current liabilities** | | |
| Bank borrowings | 9 | (8,642) |
| **Total liabilities** | | (9,960) |
| **Net assets attributable to partners** | | 16,361 |
| **Represented by:** | | |
| **Partners' capital** | | |
| General Partner's capital classified as a liability | 11 | 75 |
| Limited Partners' capital | 11 | 16,286 |
| | | 16,361 |

The general partner in accordance with the Limited Partnership Agreement approved the financial statements on 30 September 2008

Signed on behalf of the general partner

## Big Yellow Limited Partnership

## Statement of recognised income and expense
## Period ended 31 March 2008

| | Period from incorporation on 16 November 2007 to 31 March 2008 £'000 |
|---|---|
| Loss for the financial period | (748) |
| Total recognised income and expense for the period | (748) |

## Reconciliation of movements in Partners' Capital
## Period ended 31 March 2008

| | Period from incorporation on 16 November 2007 to 31 March 2008 £'000 |
|---|---|
| Retained loss for the period | (748) |
| Net reduction in partners' capital | (748) |
| Partners' capital advanced in period | 17,109 |
| Partners' capital at 16 November 2007 | - |
| Partners' capital at 31 March 2008 | 16,361 |

# Big Yellow Limited Partnership

## Cash Flow Statement
## Period ended 31 March 2008

| | Period from incorporation on 16 November 2007 to 31 March 2008 £'000 |
|---|---|
| Operating loss | (524) |
| Loss on the revaluation of investment properties | 562 |
| Depreciation | 8 |
| Increase in receivables | (222) |
| Increase in payables | 179 |
| **Cash generated from operations** | 3 |
| Interest paid | (218) |
| **Cash flows from operating activities** | (215) |
| **Investing activities** | |
| Purchase of non-current assets | (22,168) |
| **Cash flows from investing activities** | (22,168) |
| **Financing activities** | |
| Partners capital advances | 17,109 |
| Increase in borrowings | 8,583 |
| **Cash flows from financing activities** | 25,692 |
| **Net increase in cash and cash equivalents** | 3,309 |
| **Opening cash and cash equivalents** | - |
| **Closing cash and cash equivalents** | 3,309 |

## Big Yellow Limited Partnership

## Reconciliation of net cash flow to movement in net debt
## Period ended 31 March 2008

| | Period from incorporation on 16 November 2007 to 31 March 2008 £'000 |
|---|---|
| Increase in cash and cash equivalent in the period | 3,309 |
| Cash inflow from increase in debt financing | (9,483) |
| Change in net debt resulting from cash flow | (6,174) |
| Net debt at start of period | - |
| Net debt at end of period | (6,174) |

## Big Yellow Limited Partnership

## Notes to the accounts
## Period ended 31 March 2008

1. **SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation and with those parts of the Companies Act 1985 that are applicable to companies reporting under IFRS.

The Partnership has applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretation Committee relevant to its operations and effective for accounting periods beginning on or after 1 April 2007. IFRS 8 Operating Segments was in issue at the date of authorisation of the financial statements but not yet effective. IFRS 8 affects only disclosures and therefore has no material impact of the financial statements of the Partnership.

The financial statements have been prepared on the historic cost basis except that investment properties and derivative financial instruments are stated at fair value. The principal accounting policies adopted are set out below.

**Non-current assets held for sale**

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**Revenue recognition**

Revenue represents amounts derived from the provision of services which fall within the Partnership's ordinary activities after deduction of trade discounts and any applicable value added tax. Income is recognised over the period for which the storage unit is occupied by the customer.

**Operating leases**

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**Bank borrowings**

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs are accounted for on an accrual basis in the income statement 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**

Interest incurred on qualifying expenditure is capitalised against the cost of the asset. The interest rate used is calculated from the weighted average borrowing cost within the Partnership. The remaining borrowing costs are recognised in the income statement in the period in which they are incurred.

1. **Significant accounting policies (continued)**

**Operating profit**

Operating profit is stated after gains on revaluation of investment properties and before gains and losses on non-current assets, investment income and finance costs.

**Taxation**

The Partnership is tax transparent. All direct tax is dealt with in the accounts of the Limited Partners.

**Plant, equipment & owner occupied property**

All property, plant and equipment, not classified as investment or development property, are carried at historic cost less depreciation and any recognised impairment loss.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets.

The useful economic lives of the assets are as follows:

| | |
|---|---|
| Plant and machinery | 10 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**

Investment properties are properties owned or leased by the Partnership which are held for rental income and for capital appreciation. 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 IAS40, investment property held 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 income statement of the period in which they arise. In accordance with IAS40, as the Partnership uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

**Development property**

Properties and land under development are recognised at historic cost less any provision for impairment. The assets are transferred to investment properties once the store has opened to customers.

**Impairment of assets**

At each balance sheet date, the Partnership 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 (ie the NPV of its future cash flows discounted at a pre-tax interest rate that reflects the borrowing costs and risk for the asset).

1. **Significant accounting policies (continued)**

**Financial instruments**

Financial assets and financial liabilities are recognised on the Partnership's balance sheet when the Partnership becomes a party to the contractual provisions of the instrument.

**A - Derivative financial instruments and hedge accounting**

The Partnership's activities expose it primarily to the financial risks of interest rates. The Partnership uses interest rate swap and interest rate collar contracts to hedge these exposures. The Partnership does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Partnership's policies approved by the Board of Directors of the General Partner. 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 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 income statement as they arise. The Partnership 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 income statement. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

# Big Yellow Limited Partnership

## Notes to the accounts
## Period ended 31 March 2008

**1. Significant accounting policies (continued)**

**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 and short term deposits. The carrying amounts of these assets approximates to the fair value.

**E - Financial liabilities and partners' capital**

Financial liabilities and partners' capital are classified according to the substance of the contractual arrangements entered into.

**F - Equity instruments**

Equity instruments issued by the Partnership are recorded at the proceeds received, net of direct issue costs.

**G - Trade Receivables**

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

**H - 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 income statement as they fall due. The assets of which are held separately from those of the Partnership.

## 1. Significant accounting policies (continued)

### Critical Accounting Estimates and Judgements

The preparation of financial statements under IFRS requires management to make estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual outcomes may therefore differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Estimate of Fair Value of Investment Properties
The Partnership values its self storage centre using a discounted cash flow methodology which is based on projections of net operating income. Principal assumptions underlying the General Partner's estimation of the fair value are those related to: stabilised occupancy 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 Partnership's investment properties is set out in note 6 to the accounts.

b) Development Property
The Partnership's development properties are held in the balance sheet at historic cost and are not valued externally. In acquiring sites for redevelopment into self storage facilities, the Partnership estimates and makes judgements on the potential net lettable storage space that it can achieve in its planning negotiations, together with the time it will take to achieve maturity occupancy level. In addition, assumptions are made on the storage rent that can be achieved at the store by comparing with other stores within the portfolio and within the local area. These judgements taken together with estimates of operating costs and the projected construction cost, allow the Partnership to calculate the potential net operating income at maturity, projected returns on capital invested and hence to support the purchase price of the site at acquisition. Following the acquisition, regular reviews are carried out taking into account the status of planning negotiations, revised construction costs or capacity of the new facility, for example, to make an assessment of the carrying value of the development property at historic cost. Once a store is opened, then it is valued as an investment property in the Partnership's balance sheet and transferred from development properties. The Partnership reviews all development property assets for impairment at each balance sheet date.

2. **LIMITED PARTNERSHIP AGREEMENT ('The Agreement')**

(a) The Agreement dated 23 November 2007 and as amended and restated on 25 June 2008 states that the purpose of the Partnership is as a property investment business and to carry out the development and operation of self storage centres in the Midlands, the North of England and Scotland ("The Northern Territory") and, subject to certain conditions, in the Southern Territory (the area outside the M25 orbital motorway and the Northern Territory).

(b) The ultimate controlling parties are Big Yellow Group PLC and Prudential Financial Inc.

3. **LOSS FOR THE PERIOD**

| a) Loss for the period has been arrived at after charging: | **2008** **£'000** |
|---|---|
| Depreciation of plant and equipment | 8 |
| Decrease in fair value of investment property | 562 |
| Auditors' remuneration for audit services | 10 |

b) Analysis of auditors' remuneration:

| | |
|---|---|
| Fees payable to the Partnership's auditors for the audit of the Partnerships' accounts | 10 |

4. **INVESTMENT INCOME**

| | **2008** **£'000** |
|---|---|
| Interest received | - |
| | - |

5. **FINANCE COSTS**

| | **2008** **£'000** |
|---|---|
| Interest on bank borrowings | 217 |
| Less amounts capitalised | (217) |
| Change in fair value of interest rate derivatives | 165 |
| Amortisation of loan arrangement fees | 59 |
| | 224 |

Interest is capitalised at the Partnership's average rate of borrowing, which for the period to 31 March 2008 was 6.64%.

# Big Yellow Limited Partnership

# Notes to the accounts
# Period ended 31 March 2008

6. NON-CURRENT ASSETS

**a) Investment property, Development property and Interests in leasehold properties**

| | Investment property £'000 | Development property £'000 |
|---|---|---|
| **At 16 November 2007** | - | - |
| Additions | 12,392 | 10,711 |
| Revaluation | (562) | - |
| **At 31 March 2008** | 11,830 | 10,711 |

**b) Plant equipment and owner occupied property**

| | Plant and machinery £'000 | Fixtures, fittings & office equipment £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 16 November 2007 | - | - | - |
| Additions | 20 | 37 | 57 |
| At 31 March 2008 | 20 | 37 | 57 |
| **Depreciation** | | | |
| At 16 November 2007 | - | - | - |
| Charge for the year | (1) | (7) | (8) |
| At 31 March 2008 | (1) | (7) | (8) |
| **Net book value** | | | |
| At 31 March 2008 | 19 | 30 | 49 |
| At 16 November 2007 | - | - | - |

# Notes to the accounts
# Period ended 31 March 2008

## 6. NON-CURRENT ASSETS (CONTINUED)

### c) Valuations

| | Cost £'000 | Valuation £'000 | Revaluation on cost £'000 |
|---|---|---|---|
| **Freehold Stores** | | | |
| As at 16 November 2007 | - | - | - |
| Movement in period | 12,392 | 11,830 | (562) |
| As at 31 March 2008 | 12,392 | 11,830 | (562) |

The freehold investment property has been valued as at 31 March 2008 by external valuers, Cushman & Wakefield, ("C&W"). The valuation has been carried out in accordance with the RICS Appraisal and Valuation Standards published by The Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each of the trading properties has been prepared on the basis of Market Value as a fully equipped operational entity, having regard to trading potential.

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:

- The members of the RICS who have been the signatories to the valuations provided to the Partnership for the same purposes as this valuation have done so since November 2007.
- C&W have continuously been carrying out this valuation for the same purposes as this valuation on behalf of the Partnership since November 2007.
- C&W do not provide other significant professional or agency services to the Partnership.
- In relation to the preceding financial year of C&W, the proportion of the total fees payable by the Partnership to the total fee income of the firm is less than 5%.

**Valuation methodology**

C&W have adopted a valuation approach for the freehold asset as follows:

# Big Yellow Limited Partnership

## Notes to the accounts
## Period ended 31 March 2008

6. **NON-CURRENT ASSETS (CONTINUED)**

**c) Valuations (continued)**

*Freehold*
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 representing 6% of the estimated annual revenue. 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 straight line absorption from day one actual occupancy to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the store is 80%. The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth.

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, bank base rates, ten year money rates, inflation and the available evidence of transactions in the sector. For the store the yield (net of purchaser's costs) arising from the first year of the projected cash flow is 6.95%. This rises to 8.39% based on the projected cash flow for the first year following estimated stabilisation.

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 is 10.00%.

E. Purchaser's costs of 5.75% have been assumed initially and sale plus purchaser's costs totalling 7.75% are assumed on the notional sales in the tenth year in relation to the freehold stores.

**d) Assets classified as held for sale**

The Partnership has land at one site with a historic and book cost of £0.2 million. Land at this site is surplus to requirements and the Partnership is currently marketing this asset for sale; it is ready for sale and completion is expected within the next 12 months.

## 7. DEBTORS

| | 2008<br>£'000 |
|---|---|
| Trade debtors | 18 |
| Other debtors | 32 |
| Amounts owed by related parties | 76 |
| Prepayments and accrued income | 96 |
| | 222 |

**Trade receivables**

The Partnership does not typically offer credit terms to its customers and hence the Partnership is not exposed to significant credit risk. All customers are required to pay in advance of the storage period. A late charge of 10% is applied to a customers' account if they are greater than 10 days overdue in their payment. The Partnership 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 from the sale of goods, determined by reference to past default experience.

For individual storage customers, the Partnership does not perform credit checks, however this is mitigated by the fact that all customers are required to pay in advance, and also to pay a deposit ranging from between 1 week's to 4 weeks' storage income. Before accepting a new business customer who wishes to use a number of Big Yellow stores, the Partnership 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 per cent of the total balance of trade receivables.

Included in the Partnership's trade receivable balance are debtors with a carrying amount of £3,000 which are past due at the reporting date for which the Partnership has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Partnership holds a right of lien over the customers' goods if these debts are not paid. The average age of these receivables is 15 days past due.

Ageing of past due but not impaired receivables

| | 2008<br>£'000 |
|---|---|
| 0 - 30 days | 18 |
| 30 - 60 days | - |
| 60 +days | - |
| Total | 18 |

Movement in the allowance for doubtful debts

| | 2008<br>£'000 |
|---|---|
| Balance at the beginning of the period | - |
| Impairment losses recognised | - |
| Amounts written off as uncollectible | 1 |
| Balance at the end of the period | 1 |

7. **DEBTORS (continued)**

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Ageing of impaired trade receivables

| | 2008 £'000 |
|---|---|
| 0 - 30 days | - |
| 30 - 60 days | - |
| 60 + days | - |
| Total | - |

## Big Yellow Limited Partnership

## Notes to the accounts
## Period ended 31 March 2008

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2008 £'000 |
|---|---|
| Trade creditors | 923 |
| Other creditors | 26 |
| Accruals and deferred income | 204 |
| | 1,153 |

### 9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2008 £'000 |
|---|---|
| Bank borrowings | 9,483 |
| Less unamortised loan costs | (841) |
| | 8,642 |

A five year term development loan of £75 million has been secured from the Royal Bank of Scotland plc to further fund the Partnership. £15 million of this loan has been syndicated to HSBC plc, and a further £15 million to HSH Nordbank. The development is a floating rate loan and has an initial margin of 140 basis points above UK LIBOR rates. This is subject to a ratchet after three years, which reduces the margin to 105 basis points, provided certain income cover targets are met. The loan attracts a non-utilisation fee of 25 basis points. The Partnership has decided to swap out all drawdown amounts through to 30 June 2013 as each drawdown takes place, so the loan will be 100% hedged. Interest is capitalised within the Partnership. The weighted average interest cost at 31 March 2008 was 6.64% including margin.

The Partnership has undrawn bank facilities of £65.5 million at 31 March 2008.

# Big Yellow Limited Partnership

## Notes to the accounts
## Period ended 31 March 2008

**10. FINANCIAL INSTRUMENTS**

The Partnership manages its capital to ensure that entities in the Partnership will be able to continue as going concerns while maximising the return to partners through the optimisation of the debt and equity balance. The capital structure of the Partnership consists of debt, which includes the borrowings disclosed in note 9, cash and cash equivalents and equity attributable to the partners.

Exposure to credit, interest rate and currency risks arises in the normal course of the Partnership'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 1 to the financial statements.

**A. Balance sheet management**

The Board of Directors of the General Partner 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 Partnership 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 Partnership's gearing ratio.

The gearing ratio at the year end is as follows:

| | **2008** |
|---|---|
| | **£'000** |
| Debt | (9,483) |
| Cash and cash equivalents | 3,309 |
| Net Debt | (6,174) |
| Balance sheet equity | 16,361 |
| Net debt to equity ratio | 37.7% |

Debt is defined as long- and short-term borrowings, as detailed in note 9. Equity includes all capital and reserves of the Partnership attributable to limited partner equity holders. The Partnership is not subject to externally imposed capital requirements.

**B. Debt management**

The Partnership borrows through a senior term loan, secured on its existing store portfolio. Borrowings are arranged to ensure an appropriate maturity profile and to maintain short term liquidity. Funding is arranged through a syndicate of blue chip banks and financial institutions, with whom the Partnership has a strong working relationship.

**C. Interest rate risk management**

The Partnership is exposed to interest rate risk as entities in the Partnership borrow funds at both fixed and floating interest rates. The risk is managed by the Partnership by swapping out all amounts drawn on the development loan at the prevailing 5 year swap rates. This will provide a blended interest rate over the life of the Partnership as amounts are drawn down monthly.

The Partnership has the following interest rate swaps in place (rate shown excludes margin):

10. FINANCIAL INSTRUMENTS (CONTINUED)

- £8.96 million plain vanilla swap at 5.25% until 30 June 2013
- £0.53 million plain vanilla swap at 5.04% until 30 June 2013

The Partnership does not hedge account for its interest rate swaps and states them at fair value, with changes in fair value included in the income statement. The loss in the income statement for the year of these interest rate swaps was £165,000. The fair value of the above derivatives was a liability of £165,000.

**D. Interest rate sensitivity analysis**

In managing interest rate risks the Partnership aims to reduce the impact of short-term fluctuations on the Partnership's earnings. Over the longer term, permanent changes in interest rates may have an impact on consolidated earnings.

At 31 March 2008, it is estimated that an increase or decrease of one percentage point in interest rates would not have affected the Partnership's reported loss, due to the fact that all amounts were subject to plain vanilla swaps throughout the period. There would have been no effect on amounts recognised directly in equity. 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.

**E. Cash management and liquidity**

Ultimate responsibility for liquidity risk management rests with the Partnership board, which has built an appropriate liquidity risk management framework for the management of the Partnership's short, medium and long-term funding and liquidity management requirements. The Partnership 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 9 is a description of additional undrawn facilities that the Partnership 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 Partnership does not have any foreign currency exposure.

**G. Credit risk**

The credit risk management policies of the Partnership with respect to trade receivables are discussed in note 7. The Partnership has no significant concentration of credit risk, with exposure spread over 450 customers in its current trading store. As more stores open, this concentration will continue to diversify.

The credit risk on liquid funds and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies, in line with the Partnership's policy which is to borrow from major institutional banks when arranging finance.

# Notes to the accounts
# Period ended 31 March 2008

## 10. FINANCIAL INSTRUMENTS (CONTINUED)

### H. Financial maturity analysis

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

**2008 Maturity**

| | Total £'000 | Less than one year £'000 | One to two years £'000 | Two to five years £'000 | More than five years £'000 |
|---|---|---|---|---|---|
| *Debt* | | | | | |
| Debt fixed by interest rate derivatives | 9,483 | - | - | - | 9,483 |
| **Total** | 9,483 | - | - | - | 9,483 |

### I. Fair values of financial instruments

The fair values of the Partnership's cash and short term deposits and those of other financial assets equate to their book values. Details of the Partnership's receivables at amortised cost are set out in note 7. 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.

### J. Maturity analysis of financial liabilities

The contractual maturities are as follows:

| 2008 | Trade and other payables £'000 | Interest rate swaps £'000 | Borrowings and interest £'000 | Total £'000 |
|---|---|---|---|---|
| From five to twenty years | - | (9) | 9,798 | 9,789 |
| From two to five years | - | (108) | 1,890 | 1,782 |
| From one to two years | - | (72) | 630 | 558 |
| Due after more than one year | - | (189) | 12,318 | 12,129 |
| Due within one year | 1,153 | 3 | 630 | 1,786 |
| **Total** | 1,153 | (186) | 12,948 | 13,915 |

# Notes to the accounts
# Period ended 31 March 2008

## 10. FINANCIAL INSTRUMENTS (CONTINUED)

### K. Reconciliation of maturity analyses

The maturity analysis in note 10J shows contractual non-discounted cash flows for all financial liabilities including interest payments. The table below reconciles the borrowings column in note 9 with the maturity analysis presented in note 10J.

| 2008 | Borrowings £'000 | Interest £'000 | Unamortised borrowing costs £'000 | Borrowings and interest £'000 |
|---|---|---|---|---|
| From five to twenty years | 8,642 | 315 | 841 | 9,798 |
| From two to five years | - | 1,890 | - | 1,890 |
| From one to two years | - | 630 | - | 630 |
| Due after more than one year | 8,642 | 2,835 | 841 | 12,318 |
| Due within one year | - | 630 | | 630 |
| **Total** | 8,642 | 3,465 | 841 | 12,948 |

## 11. PARTNERS' CAPITAL

| | Last Mile Company Limited £'000 | Pramerica Bell (Jersey) Unit Trust £'000 | Partners' current accounts £'000 | General Partners' capital classified as a liability £'000 | Total Partners' capital £'000 |
|---|---|---|---|---|---|
| At start of period | - | - | - | - | |
| Retained loss for the period available for discretionary division among Partners | - | - | (748) | - | (748) |
| Partners' interests after loss for the period | - | - | (748) | - | (748) |
| Capital introduced | - | - | - | 75 | 75 |
| Partners' capital advanced | 5,678 | 11,356 | - | - | 17,034 |
| At 31 March 2008 | 5,678 | 11,356 | (748) | 75 | 16,361 |

The Limited Partners' capital contribution is in proportion to each Partner's interest. Under the Limited Partnership Agreement, no further capital in excess of the initial £75 million combined commitment is required to be injected and no interest is payable on the capital.

## Big Yellow Limited Partnership

## Notes to the accounts
## Period ended 31 March 2008

### 12. RELATED PARTY TRANSACTIONS

During the period, the Partnership paid fees amounting to £138,000 to Big Yellow Group PLC, the ultimate controlling party of the Partnership's Limited Partner, The Last Mile Company Limited. The Partnership also reimbursed Big Yellow Group PLC £72,000 for operating expenses in respect of the Leeds store. At 31 March 2008, the Partnership was owed £76,000 by Big Yellow Group PLC.

The Partnership acquired assets from Big Yellow Group PLC during the period for a total consideration of £20.3 million. It has also entered into conditional contracts with Big Yellow Group PLC to acquire sites at Birmingham and Manchester.

### 13. CAPITAL COMMITMENTS

Amounts contracted but not provided in respect of the Partnership's properties as at 31 March 2008 were £12.8 million.

Partnership registration: LP012574

# Big Yellow Limited Partnership

## REPORT AND FINANCIAL STATEMENTS

## Period from incorporation on 16 November 2007 to 31 March 2008

# Big Yellow Limited Partnership

**CONTENTS** **PAGE**

# Big Yellow Limited Partnership

# REPORT OF THE GENERAL PARTNER

# Period ended 31 March 2008

The general partner submits its report and the Partnership financial statements for the period ended 31 March 2008.

**Incorporation**

The Partnership was incorporated on 16 November 2007.

**Business review future prospects**

The General Partner of Big Yellow Limited Partnership is .Big Yellow Self Storage (GP) Limited. The Limited Partners of the partnership are Last Mile Company Limited and Pramerica Bell (Jersey) Unit Trust. The Limited Partners have made an initial capital contribution of £24,975 and £49,950 respectively. Advances by the Limited Partners are made to the Partnership in the ratio of one third and two thirds respectively, and profits and losses are initially shared in this ratio. The General Partner made a capital contribution of £75 to the Partnership.

The Partnership is an investment partnership established to develop and operate Big Yellow self storage centres in the Midlands, the North of England and Scotland. At 31 March 2008 the Partnership was trading from one store, Leeds, and had a further five stores under development, two in Sheffield, and one each in Liverpool, Nottingham and Edinburgh. The Partnership has also entered into conditional contracts to acquire proposed stores in Birmingham and Manchester.

On 8 July 2008, the Partnership acquired additional development sites in Camberley, High Wycombe, Poole and Reading from Big Yellow Group PLC. In addition, it agreed to extend the geographical scope to cover the area outside the M25 as well as the area of the Midlands and the North, for the next seven sites acquired by the Partnership.

On 15 July 2008, the Partnership acquired a site in Stockport, Greater Manchester from a third party. This prominent site for the development of a 60,000 sq ft self storage centre, is part of a 15 acre new mixed commercial scheme, overlooking the M60 orbital motorway.

The Partnership qualifies for exempt from the requirement to report as required by s246 (4) of the Companies Act 1985 due to its size.

**Results**

The Partnership made a loss of £748,000 in the period. The Partners are optimistic about the future prospects of the Partnership.

**Auditors**

The Partnership has appointed Deloitte & Touche LLP as auditors. The Partnership has elected to dispense with the obligation to appoint auditors annually and accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

**Provision of information to auditors**

In accordance with Section 234ZA of the Companies Act 1985, each of the Partners at the date of approval of this report have confirmed that:

(a) so far as they are aware, there is no relevant audit information of which the Partner's auditors are unaware; and,

(b) they have taken all the steps that they ought to have taken as Partners in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

MACle

Approved by .Big Yellow Self Storage (GP) Limited, the general partner, and signed on its behalf.
30 September 2008

## Big Yellow Limited Partnership

## STATEMENT OF GENERAL PARTNERS' RESPONSIBILITIES

The Big Yellow Limited Partnership ('the Partnership') is registered pursuant to the provisions of The Limited Partnerships Act 1907. The Partnerships and Unlimited Companies (Accounts) Regulations 1993 (SI 1820/1993) require certain qualifying partnerships to prepare and have audited annual accounts and reports as required for a company by the Companies Act 1985. The Partnership is a qualifying partnership as all its members are limited companies.

.Big Yellow Self Storage (GP) Limited, acting as the general partner, is responsible under the Limited Partnership Agreement for preparing the Report and Financial Statements in accordance with applicable law and regulations.

The general partner is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the general partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The general partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with SI 1820/1993 (Regulation 4). It is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF THE BIG YELLOW LIMITED PARTNERSHIP

We have audited the financial statements (the "financial statements") of Big Yellow Limited Partnership for the period from incorporation on 16 November 2007 to 31 March 2008 which comprise the income statement, the balance sheet, the statement of recognised income and expense, reconciliation of movements in partners' capital, the cash flow statement, the reconciliation of net cash flow to movement in net debt and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members of the Partnership, as a body, in accordance with section 235 of the Companies Act 1985 as applicable to qualifying partnerships. Our audit work has been undertaken so that we might state to the partnership's members those matters we are required to state to them in an auditors' 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 members of the partnership, as a body, for our audit work, for this report, or for the opinions we have formed.

*Respective responsibilities of the general partner and auditors*

The general partner's responsibilities for preparing the Report and Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of general partner's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985 as applied to qualifying partnerships by the Partnerships and Unlimited Companies (Regulations) 1993. We also report to you if, in our opinion, the information given in the general partner's report is not consistent with the financial statements, if the partnership has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding members' remuneration and other transactions is not disclosed.

We read the general partner's report and the other information contained in the annual report for the above period as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

*Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the general partner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the partnership's circumstances, consistently applied and adequately disclosed.

# INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF THE BIG YELLOW LIMITED PARTNERSHIP (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

*Opinion*

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the partnership's affairs as at 31 March 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 as applied to qualifying partnerships; and
- the information given in the general partner's report is consistent with the financial statements.

Deloitte & Touche LLP

**Deloitte & Touche LLP**
Chartered Accountants and Registered Auditors
London
17 October 2008

## Big Yellow Limited Partnership

## Balance Sheet
## 31 March 2008

| | Notes | 2008 £'000 |
|---|---|---|
| **Non-current assets** | | |
| Investment property | 6 | 11,830 |
| Development property | 6 | 10,711 |
| Plant, equipment and owner-occupied property | 6 | 49 |
| | | 22,590 |
| **Current assets** | | |
| Cash | | 3,309 |
| Trade and other receivables | 7 | 222 |
| Non-current assets classified as held for sale | 6d | 200 |
| | | 3,731 |
| **Total assets** | | 26,321 |
| **Current liabilities** | | |
| Trade and other payables | 8 | (1,153) |
| Derivative financial instruments | 10 | (165) |
| | | (1,318) |
| **Non-current liabilities** | | |
| Bank borrowings | 9 | (8,642) |
| **Total liabilities** | | (9,960) |
| **Net assets attributable to partners** | | 16,361 |
| **Represented by:** | | |
| **Partners' capital** | | |
| General Partner's capital classified as a liability | 11 | 75 |
| Limited Partners' capital | 11 | 16,286 |
| | | 16,361 |

The general partner in accordance with the Limited Partnership Agreement approved the financial statements on 30 September 2008

Signed on behalf of the general partner

## Big Yellow Limited Partnership

## Statement of recognised income and expense
## Period ended 31 March 2008

| | Period from incorporation on 16 November 2007 to 31 March 2008 £'000 |
|---|---|
| Loss for the financial period | (748) |
| Total recognised income and expense for the period | (748) |

## Reconciliation of movements in Partners' Capital
## Period ended 31 March 2008

| | Period from incorporation on 16 November 2007 to 31 March 2008 £'000 |
|---|---|
| Retained loss for the period | (748) |
| Net reduction in partners' capital | (748) |
| Partners' capital advanced in period | 17,109 |
| Partners' capital at 16 November 2007 | - |
| Partners' capital at 31 March 2008 | 16,361 |

# Big Yellow Limited Partnership

## Cash Flow Statement
## Period ended 31 March 2008

| | Period from incorporation on 16 November 2007 to 31 March 2008 £'000 |
|---|---|
| Operating loss | (524) |
| Loss on the revaluation of investment properties | 562 |
| Depreciation | 8 |
| Increase in receivables | (222) |
| Increase in payables | 179 |
| **Cash generated from operations** | 3 |
| Interest paid | (218) |
| **Cash flows from operating activities** | (215) |
| **Investing activities** | |
| Purchase of non-current assets | (22,168) |
| **Cash flows from investing activities** | (22,168) |
| **Financing activities** | |
| Partners capital advances | 17,109 |
| Increase in borrowings | 8,583 |
| **Cash flows from financing activities** | 25,692 |
| **Net increase in cash and cash equivalents** | 3,309 |
| **Opening cash and cash equivalents** | - |
| **Closing cash and cash equivalents** | 3,309 |

## Big Yellow Limited Partnership

## Reconciliation of net cash flow to movement in net debt
## Period ended 31 March 2008

| | Period from incorporation on 16 November 2007 to 31 March 2008 £'000 |
|---|---|
| Increase in cash and cash equivalent in the period | 3,309 |
| Cash inflow from increase in debt financing | (9,483) |
| Change in net debt resulting from cash flow | (6,174) |
| Net debt at start of period | - |
| Net debt at end of period | (6,174) |

1. **SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation and with those parts of the Companies Act 1985 that are applicable to companies reporting under IFRS.

The Partnership has applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretation Committee relevant to its operations and effective for accounting periods beginning on or after 1 April 2007. IFRS 8 Operating Segments was in issue at the date of authorisation of the financial statements but not yet effective. IFRS 8 affects only disclosures and therefore has no material impact of the financial statements of the Partnership.

The financial statements have been prepared on the historic cost basis except that investment properties and derivative financial instruments are stated at fair value. The principal accounting policies adopted are set out below.

**Non-current assets held for sale**

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**Revenue recognition**

Revenue represents amounts derived from the provision of services which fall within the Partnership's ordinary activities after deduction of trade discounts and any applicable value added tax. Income is recognised over the period for which the storage unit is occupied by the customer.

**Operating leases**

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**Bank borrowings**

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs are accounted for on an accrual basis in the income statement 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**

Interest incurred on qualifying expenditure is capitalised against the cost of the asset. The interest rate used is calculated from the weighted average borrowing cost within the Partnership. The remaining borrowing costs are recognised in the income statement in the period in which they are incurred.

# Big Yellow Limited Partnership

# Notes to the accounts
# Period ended 31 March 2008

1. **Significant accounting policies (continued)**

**Operating profit**

Operating profit is stated after gains on revaluation of investment properties and before gains and losses on non-current assets, investment income and finance costs.

**Taxation**

The Partnership is tax transparent. All direct tax is dealt with in the accounts of the Limited Partners.

**Plant, equipment & owner occupied property**

All property, plant and equipment, not classified as investment or development property, are carried at historic cost less depreciation and any recognised impairment loss.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets.

The useful economic lives of the assets are as follows:

| | |
|---|---|
| Plant and machinery | 10 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**

Investment properties are properties owned or leased by the Partnership which are held for rental income and for capital appreciation. 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 IAS40, investment property held 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 income statement of the period in which they arise. In accordance with IAS40, as the Partnership uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

**Development property**

Properties and land under development are recognised at historic cost less any provision for impairment. The assets are transferred to investment properties once the store has opened to customers.

**Impairment of assets**

At each balance sheet date, the Partnership 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 (ie the NPV of its future cash flows discounted at a pre-tax interest rate that reflects the borrowing costs and risk for the asset).

**1. Significant accounting policies (continued)**

**Financial instruments**

Financial assets and financial liabilities are recognised on the Partnership's balance sheet when the Partnership becomes a party to the contractual provisions of the instrument.

**A - Derivative financial instruments and hedge accounting**

The Partnership's activities expose it primarily to the financial risks of interest rates. The Partnership uses interest rate swap and interest rate collar contracts to hedge these exposures. The Partnership does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Partnership's policies approved by the Board of Directors of the General Partner. 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 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 income statement as they arise. The Partnership 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 income statement. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

1. **Significant accounting policies (continued)**

**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 and short term deposits. The carrying amounts of these assets approximates to the fair value.

**E - Financial liabilities and partners' capital**

Financial liabilities and partners' capital are classified according to the substance of the contractual arrangements entered into.

**F - Equity instruments**

Equity instruments issued by the Partnership are recorded at the proceeds received, net of direct issue costs.

**G - Trade Receivables**

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

**H - 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 income statement as they fall due. The assets of which are held separately from those of the Partnership.

**1. Significant accounting policies (continued)**

**Critical Accounting Estimates and Judgements**

The preparation of financial statements under IFRS requires management to make estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual outcomes may therefore differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Estimate of Fair Value of Investment Properties

The Partnership values its self storage centre using a discounted cash flow methodology which is based on projections of net operating income. Principal assumptions underlying the General Partner's estimation of the fair value are those related to: stabilised occupancy 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 Partnership's investment properties is set out in note 6 to the accounts.

b) Development Property

The Partnership's development properties are held in the balance sheet at historic cost and are not valued externally. In acquiring sites for redevelopment into self storage facilities, the Partnership estimates and makes judgements on the potential net lettable storage space that it can achieve in its planning negotiations, together with the time it will take to achieve maturity occupancy level. In addition, assumptions are made on the storage rent that can be achieved at the store by comparing with other stores within the portfolio and within the local area. These judgements taken together with estimates of operating costs and the projected construction cost, allow the Partnership to calculate the potential net operating income at maturity, projected returns on capital invested and hence to support the purchase price of the site at acquisition. Following the acquisition, regular reviews are carried out taking into account the status of planning negotiations, revised construction costs or capacity of the new facility, for example, to make an assessment of the carrying value of the development property at historic cost. Once a store is opened, then it is valued as an investment property in the Partnership's balance sheet and transferred from development properties. The Partnership reviews all development property assets for impairment at each balance sheet date.

2. **LIMITED PARTNERSHIP AGREEMENT ('The Agreement')**

(a) The Agreement dated 23 November 2007 and as amended and restated on 25 June 2008 states that the purpose of the Partnership is as a property investment business and to carry out the development and operation of self storage centres in the Midlands, the North of England and Scotland ("The Northern Territory") and, subject to certain conditions, in the Southern Territory (the area outside the M25 orbital motorway and the Northern Territory).

(b) The ultimate controlling parties are Big Yellow Group PLC and Prudential Financial Inc.

3. **LOSS FOR THE PERIOD**

| a) Loss for the period has been arrived at after charging: | **2008**<br>**£'000** |
|---|---|
| Depreciation of plant and equipment | 8 |
| Decrease in fair value of investment property | 562 |
| Auditors' remuneration for audit services | 10 |

b) Analysis of auditors' remuneration:

| | |
|---|---|
| Fees payable to the Partnership's auditors for the audit of the Partnerships' accounts | 10 |

4. **INVESTMENT INCOME**

| | **2008**<br>**£'000** |
|---|---|
| Interest received | - |
| | - |

5. **FINANCE COSTS**

| | **2008**<br>**£'000** |
|---|---|
| Interest on bank borrowings | 217 |
| Less amounts capitalised | (217) |
| Change in fair value of interest rate derivatives | 165 |
| Amortisation of loan arrangement fees | 59 |
| | 224 |

Interest is capitalised at the Partnership's average rate of borrowing, which for the period to 31 March 2008 was 6.64%.

# Big Yellow Limited Partnership

## Notes to the accounts
## Period ended 31 March 2008

### 6. NON-CURRENT ASSETS

**a) Investment property, Development property and Interests in leasehold properties**

| | Investment property £'000 | Development property £'000 |
|---|---|---|
| **At 16 November 2007** | - | - |
| Additions | 12,392 | 10,711 |
| Revaluation | (562) | - |
| **At 31 March 2008** | 11,830 | 10,711 |

**b) Plant equipment and owner occupied property**

| | Plant and machinery £'000 | Fixtures, fittings & office equipment £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 16 November 2007 | - | - | - |
| Additions | 20 | 37 | 57 |
| At 31 March 2008 | 20 | 37 | 57 |
| **Depreciation** | | | |
| At 16 November 2007 | - | - | - |
| Charge for the year | (1) | (7) | (8) |
| At 31 March 2008 | (1) | (7) | (8) |
| **Net book value** | | | |
| At 31 March 2008 | 19 | 30 | 49 |
| At 16 November 2007 | - | - | - |

# Big Yellow Limited Partnership

## Notes to the accounts
## Period ended 31 March 2008

6. **NON-CURRENT ASSETS (CONTINUED)**

**c) Valuations**

| | Cost £'000 | Valuation £'000 | Revaluation on cost £'000 |
|---|---|---|---|
| **Freehold Stores** | | | |
| As at 16 November 2007 | - | - | - |
| Movement in period | 12,392 | 11,830 | (562) |
| As at 31 March 2008 | 12,392 | 11,830 | (562) |

The freehold investment property has been valued as at 31 March 2008 by external valuers, Cushman & Wakefield, ("C&W"). The valuation has been carried out in accordance with the RICS Appraisal and Valuation Standards published by The Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each of the trading properties has been prepared on the basis of Market Value as a fully equipped operational entity, having regard to trading potential.

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:

- The members of the RICS who have been the signatories to the valuations provided to the Partnership for the same purposes as this valuation have done so since November 2007.
- C&W have continuously been carrying out this valuation for the same purposes as this valuation on behalf of the Partnership since November 2007.
- C&W do not provide other significant professional or agency services to the Partnership.
- In relation to the preceding financial year of C&W, the proportion of the total fees payable by the Partnership to the total fee income of the firm is less than 5%.

**Valuation methodology**

C&W have adopted a valuation approach for the freehold asset as follows:

# Big Yellow Limited Partnership

# Notes to the accounts
# Period ended 31 March 2008

6. **NON-CURRENT ASSETS (CONTINUED)**

**c) Valuations (continued)**

*Freehold*
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 representing 6% of the estimated annual revenue. 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 straight line absorption from day one actual occupancy to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the store is 80%. The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth.

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, bank base rates, ten year money rates, inflation and the available evidence of transactions in the sector. For the store the yield (net of purchaser's costs) arising from the first year of the projected cash flow is 6.95%. This rises to 8.39% based on the projected cash flow for the first year following estimated stabilisation.

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 is 10.00%.

E. Purchaser's costs of 5.75% have been assumed initially and sale plus purchaser's costs totalling 7.75% are assumed on the notional sales in the tenth year in relation to the freehold stores.

**d) Assets classified as held for sale**

The Partnership has land at one site with a historic and book cost of £0.2 million. Land at this site is surplus to requirements and the Partnership is currently marketing this asset for sale; it is ready for sale and completion is expected within the next 12 months.

## 7. DEBTORS

| | **2008** |
|---|---|
| | **£'000** |
| Trade debtors | 18 |
| Other debtors | 32 |
| Amounts owed by related parties | 76 |
| Prepayments and accrued income | 96 |
| | 222 |

**Trade receivables**

The Partnership does not typically offer credit terms to its customers and hence the Partnership is not exposed to significant credit risk. All customers are required to pay in advance of the storage period. A late charge of 10% is applied to a customers' account if they are greater than 10 days overdue in their payment. The Partnership 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 from the sale of goods, determined by reference to past default experience.

For individual storage customers, the Partnership does not perform credit checks, however this is mitigated by the fact that all customers are required to pay in advance, and also to pay a deposit ranging from between 1 week's to 4 weeks' storage income. Before accepting a new business customer who wishes to use a number of Big Yellow stores, the Partnership 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 per cent of the total balance of trade receivables.

Included in the Partnership's trade receivable balance are debtors with a carrying amount of £3,000 which are past due at the reporting date for which the Partnership has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Partnership holds a right of lien over the customers' goods if these debts are not paid. The average age of these receivables is 15 days past due.

Ageing of past due but not impaired receivables

| | **2008** |
|---|---|
| | **£'000** |
| 0 - 30 days | 18 |
| 30 - 60 days | - |
| 60 +days | - |
| Total | 18 |

Movement in the allowance for doubtful debts

| | **2008** |
|---|---|
| | **£'000** |
| Balance at the beginning of the period | - |
| Impairment losses recognised | - |
| Amounts written off as uncollectible | 1 |
| Balance at the end of the period | 1 |

# Notes to the accounts
# Period ended 31 March 2008

7. **DEBTORS (continued)**

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Ageing of impaired trade receivables

| | **2008** |
|---|---|
| | **£'000** |
| 0 - 30 days | - |
| 30 - 60 days | - |
| 60 + days | - |
| Total | - |

8. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 2008 £'000 |
|---|---|
| Trade creditors | 923 |
| Other creditors | 26 |
| Accruals and deferred income | 204 |
| | 1,153 |

9. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

| | 2008 £'000 |
|---|---|
| Bank borrowings | 9,483 |
| Less unamortised loan costs | (841) |
| | 8,642 |

A five year term development loan of £75 million has been secured from the Royal Bank of Scotland plc to further fund the Partnership. £15 million of this loan has been syndicated to HSBC plc, and a further £15 million to HSH Nordbank. The development is a floating rate loan and has an initial margin of 140 basis points above UK LIBOR rates. This is subject to a ratchet after three years, which reduces the margin to 105 basis points, provided certain income cover targets are met. The loan attracts a non-utilisation fee of 25 basis points. The Partnership has decided to swap out all drawdown amounts through to 30 June 2013 as each drawdown takes place, so the loan will be 100% hedged. Interest is capitalised within the Partnership. The weighted average interest cost at 31 March 2008 was 6.64% including margin.

The Partnership has undrawn bank facilities of £65.5 million at 31 March 2008.

# Notes to the accounts
# Period ended 31 March 2008

## 10. FINANCIAL INSTRUMENTS

The Partnership manages its capital to ensure that entities in the Partnership will be able to continue as going concerns while maximising the return to partners through the optimisation of the debt and equity balance. The capital structure of the Partnership consists of debt, which includes the borrowings disclosed in note 9, cash and cash equivalents and equity attributable to the partners.

Exposure to credit, interest rate and currency risks arises in the normal course of the Partnership'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 1 to the financial statements.

**A. Balance sheet management**

The Board of Directors of the General Partner 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 Partnership 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 Partnership's gearing ratio.

The gearing ratio at the year end is as follows:

| | **2008** |
|---|---|
| | **£'000** |
| Debt | (9,483) |
| Cash and cash equivalents | 3,309 |
| Net Debt | (6,174) |
| Balance sheet equity | 16,361 |
| Net debt to equity ratio | 37.7% |

Debt is defined as long- and short-term borrowings, as detailed in note 9. Equity includes all capital and reserves of the Partnership attributable to limited partner equity holders. The Partnership is not subject to externally imposed capital requirements.

**B. Debt management**

The Partnership borrows through a senior term loan, secured on its existing store portfolio. Borrowings are arranged to ensure an appropriate maturity profile and to maintain short term liquidity. Funding is arranged through a syndicate of blue chip banks and financial institutions, with whom the Partnership has a strong working relationship.

**C. Interest rate risk management**

The Partnership is exposed to interest rate risk as entities in the Partnership borrow funds at both fixed and floating interest rates. The risk is managed by the Partnership by swapping out all amounts drawn on the development loan at the prevailing 5 year swap rates. This will provide a blended interest rate over the life of the Partnership as amounts are drawn down monthly.

The Partnership has the following interest rate swaps in place (rate shown excludes margin):

## 10. FINANCIAL INSTRUMENTS (CONTINUED)

- £8.96 million plain vanilla swap at 5.25% until 30 June 2013
- £0.53 million plain vanilla swap at 5.04% until 30 June 2013

The Partnership does not hedge account for its interest rate swaps and states them at fair value, with changes in fair value included in the income statement. The loss in the income statement for the year of these interest rate swaps was £165,000. The fair value of the above derivatives was a liability of £165,000.

### D. Interest rate sensitivity analysis

In managing interest rate risks the Partnership aims to reduce the impact of short-term fluctuations on the Partnership's earnings. Over the longer term, permanent changes in interest rates may have an impact on consolidated earnings.

At 31 March 2008, it is estimated that an increase or decrease of one percentage point in interest rates would not have affected the Partnership's reported loss, due to the fact that all amounts were subject to plain vanilla swaps throughout the period. There would have been no effect on amounts recognised directly in equity. 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.

### E. Cash management and liquidity

Ultimate responsibility for liquidity risk management rests with the Partnership board, which has built an appropriate liquidity risk management framework for the management of the Partnership's short, medium and long-term funding and liquidity management requirements. The Partnership 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 9 is a description of additional undrawn facilities that the Partnership 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 Partnership does not have any foreign currency exposure.

### G. Credit risk

The credit risk management policies of the Partnership with respect to trade receivables are discussed in note 7. The Partnership has no significant concentration of credit risk, with exposure spread over 450 customers in its current trading store. As more stores open, this concentration will continue to diversify.

The credit risk on liquid funds and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies, in line with the Partnership's policy which is to borrow from major institutional banks when arranging finance.

## 10. FINANCIAL INSTRUMENTS (CONTINUED)

### H. Financial maturity analysis

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

**2008 Maturity**

| | Total £'000 | Less than one year £'000 | One to two years £'000 | Two to five years £'000 | More than five years £'000 |
|---|---|---|---|---|---|
| *Debt* | | | | | |
| Debt fixed by interest rate derivatives | 9,483 | - | - | - | 9,483 |
| **Total** | 9,483 | - | - | - | 9,483 |

### I. Fair values of financial instruments

The fair values of the Partnership's cash and short term deposits and those of other financial assets equate to their book values. Details of the Partnership's receivables at amortised cost are set out in note 7. 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.

### J. Maturity analysis of financial liabilities

The contractual maturities are as follows:

| 2008 | Trade and other payables £'000 | Interest rate swaps £'000 | Borrowings and interest £'000 | Total £'000 |
|---|---|---|---|---|
| From five to twenty years | - | (9) | 9,798 | 9,789 |
| From two to five years | - | (108) | 1,890 | 1,782 |
| From one to two years | - | (72) | 630 | 558 |
| Due after more than one year | - | (189) | 12,318 | 12,129 |
| Due within one year | 1,153 | 3 | 630 | 1,786 |
| **Total** | 1,153 | (186) | 12,948 | 13,915 |

### 10. FINANCIAL INSTRUMENTS (CONTINUED)

#### K. Reconciliation of maturity analyses

The maturity analysis in note 10J shows contractual non-discounted cash flows for all financial liabilities including interest payments. The table below reconciles the borrowings column in note 9 with the maturity analysis presented in note 10J.

| 2008 | Borrowings £'000 | Interest £'000 | Unamortised borrowing costs £'000 | Borrowings and interest £'000 |
|---|---|---|---|---|
| From five to twenty years | 8,642 | 315 | 841 | 9,798 |
| From two to five years | - | 1,890 | - | 1,890 |
| From one to two years | - | 630 | - | 630 |
| Due after more than one year | 8,642 | 2,835 | 841 | 12,318 |
| Due within one year | - | 630 | | 630 |
| **Total** | 8,642 | 3,465 | 841 | 12,948 |

### 11. PARTNERS' CAPITAL

| | Last Mile Company Limited £'000 | Pramerica Bell (Jersey) Unit Trust £'000 | Partners' current accounts £'000 | General Partners' capital classified as a liability £'000 | Total Partners' capital £'000 |
|---|---|---|---|---|---|
| At start of period | - | - | - | - | |
| Retained loss for the period available for discretionary division among Partners | - | - | (748) | - | (748) |
| Partners' interests after loss for the period | - | - | (748) | - | (748) |
| Capital introduced | - | - | - | 75 | 75 |
| Partners' capital advanced | 5,678 | 11,356 | - | - | 17,034 |
| At 31 March 2008 | 5,678 | 11,356 | (748) | 75 | 16,361 |

The Limited Partners' capital contribution is in proportion to each Partner's interest. Under the Limited Partnership Agreement, no further capital in excess of the initial £75 million combined commitment is required to be injected and no interest is payable on the capital.

# Big Yellow Limited Partnership

## Notes to the accounts
## Period ended 31 March 2008

### 12. RELATED PARTY TRANSACTIONS

During the period, the Partnership paid fees amounting to £138,000 to Big Yellow Group PLC, the ultimate controlling party of the Partnership's Limited Partner, The Last Mile Company Limited. The Partnership also reimbursed Big Yellow Group PLC £72,000 for operating expenses in respect of the Leeds store. At 31 March 2008, the Partnership was owed £76,000 by Big Yellow Group PLC.

The Partnership acquired assets from Big Yellow Group PLC during the period for a total consideration of £20.3 million. It has also entered into conditional contracts with Big Yellow Group PLC to acquire sites at Birmingham and Manchester.

### 13. CAPITAL COMMITMENTS

Amounts contracted but not provided in respect of the Partnership's properties as at 31 March 2008 were £12.8 million.