



20 November 2012

Big Yellow Group PLC
(“Big Yellow”, “the Group” or “the Company”)

Results for the Six Months and Second Quarter ended 30 September 2012

Big Yellow Group PLC, the UK’s leading self storage brand, is pleased to announce results for the six months and for the second quarter ended 30 September 2012.

Financial Highlights

- Occupancy growth of 243,000 sq ft across all stores in the period (2011: occupancy growth of 250,000 sq ft)
- Wholly owned store occupancy growth of 177,000 sq ft in the period (2011: 176,000 sq ft)
- The 53 wholly owned stores open at 1 April 2012 have grown in occupancy over the period from 63.5% to 68.5% at 30 September 2012
- Store revenue for the six months (£35.5 million) up 11.5% from the same six months last year (£31.9 million) and up 9.6% compared to the six months to 31 March 2012
- Store revenue for the second quarter increased by 12.0% to £18.6 million from £16.6 million for the same quarter last year and by 10.1% from the first quarter (£16.9 million)
- Like-for-like revenue per available foot (“REVPAF”)⁴ was £21.28 for the six months, an increase of 10.1% from £19.33 for the six months ended 30 September 2011
- Store EBITDA⁴ of £23.2 million up 17% from £19.8 million in the same period last year
- Adjusted profit before tax¹ of £13.9 million up 20% (2011: £11.6 million)
- Diluted EPRA earnings per share² up 20% to 10.71 pence (2011: 8.93 pence)
- Free cash flow⁵ increased by 10.8% to £14.9 million for the period (2011: £13.5 million)
- Adjusted net assets per share³ of 427.9 pence (31 March 2012: 427.7 pence)
- Interim Property Income Dividend of 5 pence per share declared (2011: 4.5 pence per share)
- Net debt reduced to £269.0 million (31 March 2012: £273.9 million)

Statutory Highlights

- Profit before tax for the period of £27.2 million (2011: £6.4 million)
- Basic earnings per share of 21.18 pence (2011: 5.00 pence)²
- Basic net assets per share of 399.1 pence (31 March 2012: 386.1 pence)³

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Other Highlights

- Successful completion of refinancing:
 - New £100 million 15 year loan facility secured with Aviva Commercial Finance Limited
 - Refinanced Group £190 million bank facility in October 2012 to September 2016
 - Extended £60 million Big Yellow Limited Partnership bank facility in October 2012 to September 2016
- During the period we opened our iconic store in Chiswick, West London, with high visibility from the M4 flyover
- We completed the disposal of our surplus site at Chiswick for £4.75 million. We also received the remaining proceeds of £7.4 million on the sale of the Richmond hotel development in the period

¹ see note 6; ² see note 8; ³ see note 14; ⁴ see Portfolio Summary; ⁵ see Business and Financial Review

Commenting on the outlook, Nicholas Vetch, Executive Chairman, said:

“This is a strong revenue and earnings performance in a challenging environment for consumer facing businesses such as ours. Awareness of self storage continues to grow with the majority of our new customers using self storage for the first time.

As previously indicated, the impact of higher interest costs and the imposition of VAT on storage will create a drag on the pace of earnings growth in the short term. Additionally, we believe the economy will remain subdued for some years to come. However, as ably demonstrated in these strong results, the strength of our brand, growing market awareness, and our concentration of stores in London and the South East will assist in meeting these challenges.”

- Ends -

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Notes to Editors

Big Yellow Group PLC is the best known and one of the most dynamic self storage groups in the UK. It was founded in September 1998 by Nicholas Vetch, Philip Burks, and James Gibson and listed on AIM in May 2000, moving to the Official List of the London Stock Exchange in June 2002.

Big Yellow has expanded rapidly and now operates from 66 stores, 58 in London and the South, two in Sheffield, and one each in Birmingham, Edinburgh, Leeds, Liverpool, Nottingham and Stockport. The Group owns a further four development sites, of which three have planning. Of the 70 total stores and sites, 59 are held freehold and four are held long leasehold (together representing approximately 94% by value of the total property assets); seven stores are held short leasehold. All the stores have distinct yellow branding, with the majority being within the M25 or in strong urban conurbations. The Group currently operates from a platform of 4.2 million sq ft. When fully built out the portfolio will provide approximately 4.4 million sq ft of flexible storage space.

The Group has pioneered the development of the latest generation of self storage facilities, which utilise state of the art technology and are located in high profile, accessible, main road locations. Its focus on the location and visibility of its

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buildings, coupled with excellent customer service, has created the most recognised brand name in the UK self storage industry.



Big Yellow Group PLC
(“Big Yellow”, “the Group” or “the Company”)

Results for the Six Months and Second Quarter ended 30 September 2012

Chairman’s Statement

The Board of Big Yellow Group PLC, the UK’s leading self storage brand, is pleased to announce results for the six months and the quarter ended 30 September 2012.

In what is our seasonally strongest period, we have delivered a solid performance, with similar occupancy growth across the portfolio as the same period last year. Occupancy growth over the six month period across all our stores was 243,000 sq ft (2011: 250,000 sq ft).

Wholly owned store occupancy growth in the six month period was 177,000 sq ft (2011: 176,000 sq ft). The 32 established store portfolio increased in occupancy from 74.3% at the end of March 2012 to 77.0% in September 2012. The 22 lease-up stores, including our flagship store in Chiswick, which opened in April 2012, grew in occupancy from 48.8% in March 2012 to 54.7% in September 2012. Overall like-for-like closing occupancy for the Group is 68.5% compared to 63.5% at 31 March 2012.

The 12 stores in Big Yellow Limited Partnership increased in occupancy to 52.6% (March 2012: 43.7%), a growth of 66,000 sq ft from March 2012.

This is a strong revenue and earnings performance in a challenging environment for consumer facing businesses such as ours. Awareness of self storage continues to grow with the majority of our new customers using self storage for the first time. In the period there have been very few, if any, new store openings in our core area of operation.

Financial results

Store revenue for the period was £35.5 million, up 11.5% from £31.9 million in the comparable period last year, and up 9.6% compared to the previous half year period (six months to 31 March 2012: £32.4 million).

Total store revenue for the second quarter increased by 12.0% to £18.6 million from £16.6 million for the same quarter last year and was up 10.1% from the quarter to June 2012 (£16.9 million).

Like-for-like revenue per available foot, (“REVPAF”) was £21.28 for the six months, an increase of 10.1% from £19.33 for the six months ended 30 September 2011.

Revenue from the 32 store established portfolio grew by 5.6% compared to the six months ended 30 September 2011, whilst revenue from the 22 lease-up stores increased by 24.4% over the same period. Store EBITDA was £23.2 million, up 17% from £19.8 million for the same period last year. We continue to improve margins through a combination of revenue growth and cost control and have seen overall store EBITDA margins increasing in the period from 62.2% to 65.4%.

After adjusting the reported pre-tax profit of £27.2 million for gains on the revaluation of investment properties, fair value losses on interest rate derivatives, and one-off items of expenditure, the Group made an adjusted profit before tax in the period of £13.9 million, up 20% from £11.6 million for the same period last year (see note 6). Diluted EPRA earnings per share was 10.71 pence (2011: 8.93 pence), an increase of 20%.

Adjusted net assets per share are 427.9 pence (March 2012: 427.7 pence).

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Trading and VAT

VAT has been introduced on self storage rents with effect from 1 October 2012, following the announcement in the March 2012 budget. During the consultation period we worked with other members of the industry to lobby against this change. We took legal advice over the summer and, based on that advice, decided not to proceed with a legal challenge.

Our existing customers were notified of the introduction of VAT on self storage rents in August, and the impact this would have on the cost of their storage. VAT has been passed on in full to our business customers, and in part to our existing domestic customers, with most receiving increases in their four-weekly invoices of 10% to 12.5%. Following yield management initiatives in the first half of the year, net rent per sq ft at 30 September 2012 had increased by 1.8% from 31 March 2012. Following the VAT price changes on 1 October, the Group's current achieved net rent before VAT has fallen 3.8% from 1 April 2012, and therefore average rents will be lower in the second half of the financial year.

We are now able to recover VAT on our ongoing operating expenses, and are also entitled to a refund of previously irrecoverable VAT on capital expenditure under the Capital Goods Scheme, amounting to £11.8 million in the Group and £4.9 million in the Partnership.

Our third quarter is historically the weakest trading quarter and in recent years we have typically lost two to three percentage points of occupancy before a return to growth in the new year. This year to date we have lost 2.6% occupancy since the end of September. We expect the loss in occupancy for the quarter to be higher than in the previous two years.

In part, this follows the very successful summer we enjoyed, particularly with a significant increase in student customers, who inevitably move out at the beginning of the university year. Whilst the change to VAT will have had some impact on our existing domestic customer base, we believe this has not been material. The ratio of domestic customers square footage moving out in October and November to domestic customers square footage which moved in between April and September has remained constant with the two previous years at about 22%.

The growth in new customer demand relative to last year has slowed from the beginning of September. This again may be partially due to the imposition of VAT, but we believe that this is more likely to be market related, reflecting a slightly more subdued consumer environment following a buoyant summer.

Property

During the period we opened our iconic store in Chiswick, West London, with high visibility from the M4 flyover. We have a pipeline of four further wholly owned development sites; all except our site in Central Manchester have planning consent. The three development sites with planning consent are on the A10 at Enfield, London, in Central Guildford and on the A40 at Gypsy Corner, London. These three sites have an estimated cost to complete of £14.3 million and at this stage we have not committed to their construction, but we will keep this under review.

The Group completed on the disposals of its surplus sites at Richmond and Chiswick during the period, with net proceeds received from the disposals of £12.2 million. At 30 September 2012, the Group owned approximately £7.6 million of land surplus to our requirements across three sites. We have granted an option to a social housing operator at our Bow South site. We aim to sell the remaining surplus land once we have maximised its realisable value through planning improvements.

Refinancing

We are pleased to have successfully concluded the refinancing of the Group's debt facilities with a new 15 year £100 million facility with Aviva, and the four year £190 million financing to September 2016 with our existing senior debt providers, Lloyds TSB, HSBC and Santander. As part of this refinancing we cancelled £120 million of interest rate derivatives at a cost of £10.6 million (£9.2 million of this cost was in the first half of the year, with the balance incurred in October). Our weighted average cost of debt for the second half of the year increases from 3.8% to approximately 4.25%. In October 2012 we also extended the expiry of the £60 million Big Yellow Limited Partnership bank facility to September 2016.

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Financial strategy

Our principal financial aims remain growing cash flow, earnings and dividend. We believe that self storage income is essentially evergreen income with highly defensive characteristics driven from buildings with very low obsolescence risk. Although its form of contract with its customers is in theory as short as a week, it does not need to rely on contract for its income security. At 30 September 2012 the average length of stay for existing customers was 19 months. For all customers, including those who have moved out of the business, the average length of stay has remained at 8.5 months. In our established store portfolio, 35% of our customers by occupied space have been storing with us for over three years, and a further 15% of customers in these stores have been in the business for between one and three years.

The location of our stores, brand, security, and most importantly customer service, together with the diversity of our many customers, will serve better than any contract. The signing of a 15 year long term facility with Aviva in April 2012 is a testament to the resilience of our cash flows.

The Board's ambition is that the interest paid on the debt should be at least 4 times covered by pre-interest cash flow within a 2 to 3 year period. To achieve this will require a reduction in the level of debt held on the balance sheet to between £245 million and £260 million.

Thereafter, subject to no material factors changing, the Board would intend to move to a higher dividend payout. The remainder of the cash flow will be retained in the business for future investment, including the possibility of a modest store expansion programme and/or further debt amortisation.

Dividends

REIT regulatory requirements determine the level of Property Income Dividend ("PID") payable by the Group. A PID of 5 pence per share is proposed as the total interim dividend, an increase of 11% from a PID of 4.5 pence per share for the same period last year.

Outlook

As previously indicated, the impact of higher interest costs and the imposition of VAT on storage will create a drag on the pace of earnings growth in the short term. Additionally, we believe the economy will remain subdued for some years to come. However, as ably demonstrated in these strong results, the strength of our brand, growing market awareness, and our concentration of stores in London and the South East will assist in meeting these challenges.

Nicholas Vetch
Executive Chairman

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Business and Financial Review

Stores and the market

We have included Portfolio Summaries showing the trading performance of our stores in the Group and in the Partnership over the period.

The level of enquiries across all our stores increased by 20% compared to the same six months last year. Conversion rates of these enquiries have also improved, meaning total move-ins, including the stores in Big Yellow Limited Partnership, were up 22% on the same period last year. We are experiencing a higher level of churn in the business, with move-outs increasing by a similar amount when compared to the same period last year.

We achieved occupancy growth of 243,000 sq ft across all stores in the period (2011: occupancy growth of 250,000 sq ft).

Like-for-like revenue per available foot ("REVPAF") was £21.28 for the six months, an increase of 10.1% from £19.33 for the six months ended 30 September 2011.

Store occupancy summary

	Occupancy growth from March 2012 000 sq ft	30 September 2012 000 sq ft	31 March 2012 000 sq ft	30 September 2011 000 sq ft
Portfolio at 30 September 2012				
Established stores	53	1,495	1,442	1,452
Lease-up stores	124	815	691	639
Total – wholly owned stores	177	2,310	2,133	2,091
Partnership lease-up stores	66	391	325	289
Total – all stores	243	2,701	2,458	2,380

At the period end, wholly owned store occupied space was 2,310,000 sq ft, up 10.5% from 2,091,000 sq ft at the same time last year and up 177,000 sq ft from 31 March 2012. We saw encouraging growth from domestic, student and business customers during the six month period, with the overall split by space being 67% domestic and 33% business at 30 September 2012.

The 32 established stores are those that had reached stabilisation as a portfolio in 2007 prior to the economic downturn. 18 of these stores are in London, with the other 14 in large metropolitan cities in the South. This portfolio of stores (with an average net lettable area of 60,656 sq ft) was 77.0% occupied at the end of the period (an average of 46,719 sq ft occupied per store), with an average occupancy during the period of 76.3%, up from 73.3% for the same period last year. The closing occupancy of the 18 established stores inside London was 78.4% (an average of 51,100 sq ft occupied per store); for the 14 established stores outside London, occupancy was 74.7% (an average of 41,100 sq ft occupied per store).

Revenue for these 32 stores increased 5.6% compared to the same period last year. This was due to an increase in average occupancy referred to above, and a 1.8% increase in the average rent achieved over the period. EBITDA margins for the 32 established stores increased from 64.3% for the period to 30 September 2011 to 67.4% for the current period.

The lease-up stores have grown in occupancy by 176,000 sq ft from the same time last year, with 124,000 sq ft of this growth in the six months from 31 March 2012. Revenue growth in the lease-up portfolio was 24% compared to the same period last year. The EBITDA margin on the lease-up stores has increased from 57.6% for the period to 30 September 2011 to 61.7% for the current period. The overall store EBITDA margin increased from 62.2% to 65.4%.

Our core proposition remains a high quality product, competitively priced, with excellent customer service, providing value for money to our customers. Our stores offer a headline opening promotion of 50% off for up to

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the first 8 weeks, and we continue to manage pricing dynamically, taking account of customer demand and local competition.

Net rent at 30 September 2012 was up 1.8% from 31 March 2012, with established store net rent up 2.1% over the same period. Our key aim over the next two to three years is to drive occupancy in the stores. As the stores lease-up, our pricing model reduces the level of promotional discounts offered in individual stores. This squeezing out of promotions leads to an increase in net achieved rents. The table below illustrates this, showing the growth in net rent per sq ft for the established store portfolio over the six month period.

Average occupancy in the six months	Net rent per sq ft growth over the six months
60 to 70%	(3.8%)
70 to 75%	1.3%
75 to 80%	1.4%
80 to 85%	2.4%
Above 85%	6.6%

We continue to improve sales of insurance, packing materials and other ancillary items, with revenue from these areas growing by 10% to £5.3 million in the period (2011: £4.8 million).

Operating costs

Store operating costs have been held flat from the prior period, excluding the additional operating costs of New Cross and Chiswick, which opened in February and April respectively. Including New Cross and Chiswick, store operating costs rose by 3.7% from the same period last year.

Total cost of sales in the income statement increased by 4.5%, in part due to the increase in store operating costs above; additionally the prior period contained rates rebates which reduced the comparable costs.

Administrative expenses in the income statement have increased by £0.8 million. The increase was largely due to an expense of £0.6 million in respect of Employer's National Insurance on the vesting of the Company's long term bonus plan for the period 2009 to 2012. There was also a cost of £0.1 million in respect of costs incurred challenging and implementing the imposition of VAT on self storage, which has been adjusted from the Group's recurring profit for the six month period.

Interest

The Group's average cost of borrowing during the period to 30 September 2012 was 3.8%, compared to 3.7% for the six months to 30 September 2011. The loan interest expense during the period was £0.1 million higher compared to the same period last year, due to the higher average cost of debt. Capitalised interest in the period was £0.2 million, £0.3 million lower than the same period last year, as a result of reduced capital expenditure. We do not expect that there will be any further capitalised interest in the second half of the year.

Results

The 20% increase in adjusted profit before tax to £13.9 million was principally due to the increased store profitability as illustrated in the table below:

Movement in adjusted profit before tax	£m
Adjusted profit before tax for the six months to 30 September 2011	11.6
Increase in gross profit	3.0
Increase in administrative expenses	(0.6)
Decrease in capitalised interest	(0.3)
Increase in net interest payable	(0.1)
Increase in share of Partnership recurring profit	0.3
Adjusted profit before tax for the six months to 30 September 2012	13.9

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The table below reconciles the statutory profit before tax to the adjusted profit before tax:

Profit before tax analysis	Six months ended 30 September 2012 £m	Six months to 30 September 2011 £m	Year ended 31 March 2012 £m
Profit/(loss) before tax	27.2	6.4	(35.6)
<i>Adjusted for:</i>			
(Gain)/loss on revaluation of investment properties	(11.5)	(2.6)	51.4
Change in fair value of interest rate derivatives	-	9.5	8.0
Gains on surplus land	(0.2)	-	(0.5)
VAT implementation costs	0.1	-	-
Share of revaluation and derivative movements in associate	(1.7)	(1.7)	0.3
Adjusted profit before tax	13.9	11.6	23.6

Diluted EPRA earnings per share was 10.71 pence (2011: 8.93 pence), an increase of 20%.

Cash flow growth

Cash flows from operating activities (after net finance costs) have increased by 10.8% to £14.9 million for the period (2011: £13.5 million). These operating cash flows are after the ongoing maintenance costs of the stores, which are on average £30,000 per store per annum.

	Six months ended 30 September 2012 £000	Six months ended 30 September 2011 £000
Cash generated from operations (see below)	21,004	19,209
Finance costs (net) (see below)	(6,067)	(5,724)
Free cash flow	14,937	13,485
Non-recurring finance costs (see below)	(10,650)	-
Capital expenditure	(7,040)	(11,869)
Surplus land sales	12,335	912
VAT received on surplus land sales (see below)	2,430	-
Investment in associate	(1,000)	(1,000)
Cash flow after investing activities	11,012	1,528
Dividends	(7,057)	(6,460)
Purchase of own shares	-	(3,727)
Issue of share capital	976	34
(Decrease)/increase in borrowings	(6,761)	9,000
Net cash (outflow)/inflow	(1,830)	375

The capital expenditure in the period principally relates to the costs incurred completing the development of our Chiswick store and the hotel at Richmond.

The non-recurring finance costs incurred in the period relate to the cancellation of interest rate swaps (£9.2 million) and arrangement fees and costs incurred in completing the loan from Aviva (£1.5 million). The VAT on asset sales relates to VAT collected on the sale of the surplus sites at Chiswick and Richmond which was paid to HMRC in October 2012. This has been adjusted from the movement on creditors within cash flow from operations as it is distortive to the Group's free cash flow.

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Taxation

The Group is a Real Estate Investment Trust (“REIT”). We benefit from a zero tax rate on our qualifying self storage earnings. We only pay corporation tax on the profits attributable to our residual business, comprising primarily of the sale of packing materials and insurance, and management fees earned by the Group.

There is a nil tax charge in the non-exempt residual business for the period ended 30 September 2012 (2011: £nil), due to tax relief in relation to the restructuring of interest rate derivatives in prior periods.

Dividends

REIT regulatory requirements determine the level of Property Income Dividend (“PID”) payable by the Group. A PID of 5 pence per share is proposed as the total interim dividend, an increase of 11% from 4.5 pence per share PID for the same period last year.

The dividend is 2.1 times covered by our EPRA earnings per share, and 2.3 times covered by our free cash flow for the six month period.

The interim dividend will be paid on 4 January 2013 to shareholders on the Register on 7 December 2012.

Financing and treasury

In April 2012 the Group entered into a new £100 million 15 year loan with Aviva Commercial Finance Limited, secured over a portfolio of 15 freehold self storage centres valued at £242.1 million at 29 February 2012. The annual fixed interest rate on the loan is 4.90%. The loan was deployed to repay and cancel £100 million of the Group’s core bank debt facility. The Group also cancelled £100 million of interest rate derivatives at a cost of £9.2 million. There is no charge in respect of the cost of cancelling the swaps in the current period income statement, as it had been recognised in prior periods through the fair value movement on derivatives.

The loan amortises to £60 million over the course of the 15 years, consistent with the Group’s medium term debt reduction strategy. The debt service is payable monthly based on fixed annual amounts. The loan outstanding on the fifth anniversary will be £89.8 million; £76.7 million on the tenth anniversary, with £60 million at expiry in April 2027.

On 5 October 2012 the Group entered into a new £190 million 4 year bank facility with Lloyds TSB, HSBC and Santander, expiring in September 2016. £140 million of the facility is term loan with the balance of £50 million revolving.

This facility replaced the Group's existing £225 million facility, expiring in September 2013, which was provided by the same three banks and HSH Nordbank, who have been fully repaid following completion of this refinancing. The amount of the facility has been reduced to £190 million as the Group does not need a higher capacity given our commitment to reduce debt over the next two to three years.

The facilities attract a ratcheted margin over LIBOR based on interest cover. The Group is currently paying a blended 2.4% margin, the lowest margin on the ratchet, which is effective for income cover of greater than 3 times.

The Group has an historic interest rate swap of £90 million fixed at 2.99% plus margin until September 2015. As part of the bank refinancing in October 2012, we cancelled £20 million of this interest rate swap at a cost of £1.5 million. The remaining £70 million interest rate swap has been extended to September 2016 at a fixed rate of 2.8% plus margin. The £108 million balance of the bank debt drawn accrues interest at variable rates based on one month LIBOR plus margin. The 15 year £100 million loan with Aviva pays a fixed coupon of 4.9%.

The Group’s proforma cost of funding post the completion of the new bank facility in October is summarised in the table below:

<u>Amount of debt</u>	<u>Weighted average</u>
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	(£m)	interest cost (%)
Aviva debt	99.2	4.90
Fixed rate bank debt	70.0	5.30
Floating rate bank debt	108.0	2.95
Total debt	277.2	4.24

The Group was comfortably in compliance with its banking covenants at 30 September 2012. The net debt to gross property assets ratio is 35.2% and the net debt to equity ratio is 52.0%.

Property

The Group's investment properties have been valued by Cushman and Wakefield LLP ("C&W"). At 30 September 2012 the total value of the Group's wholly owned properties is shown in the table below:

Analysis of property portfolio	No of locations	Value at 30 September 2012 £m	Revaluation movement in the period £m
Investment property	54	745.5	11.3
Investment property under construction	4	17.9	0.2
<i>Investment property total</i>	58	763.4	11.5
Surplus land	3	7.6	-
Total	61	771.0	11.5

We have recognised a receivable of £10.3 million in the period in respect of payments due back to the Group under the Capital Goods Scheme as a consequence of the introduction of VAT on self storage from 1 October. These amounts are subject to agreement with HMRC. The Group had an historic creditor in respect of Capital Goods Scheme payments due to HMRC; this has been reduced by £0.3 million in the period, representing amounts that we are no longer required to pay. The recognition of the receivable and the write back of the creditor reduces the book cost of the investment properties, and has produced a revaluation surplus in the period. The debtor has been discounted in accordance with International Accounting Standards; the gross value of the debtor before discounting is £11.8 million.

Investment property

The valuation uplift, before adjusting for the Capital Goods Scheme, was £0.9 million, as the cash flows moved broadly in line with the previous valuation. The table below summarises the key outputs of the valuations.

	Established store portfolio	Lease-up store portfolio	All wholly owned stores
Valuation at 30 September 2012	£400.7m	£344.8m	£745.5m
Occupancy at 30 September 2012	77.0%	54.7%	67.3%
Stabilised occupancy assumed in valuations	82.9%	81.6%	82.3%
Net initial yield pre-admin expenses	7.3%	5.0%	6.3%
Stabilised yield assuming no rental growth	8.1%	8.5%	8.3%

The initial yield on the established portfolio of 32 stores before administration expenses and assuming no rental growth, is 7.3% rising to a stabilised yield of 8.1% (March 2012: 6.9% rising to 8.1%). If we include the 22 lease-up stores, then on the portfolio as a whole the initial yield pre-administration expenses is 6.3% rising to 8.3% (March 2012: 5.7% rising to 8.3%).

Investment property under construction

Chiswick was transferred from investment property under construction to investment property on the opening of the store in April. The remaining four wholly owned development sites have increased in value by £0.3 million.

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C&W's forecast valuations for when the assets have reached stabilised occupancy, including assumptions in relation to revenue and operating cost growth within these assets, are currently pointing to a revaluation surplus on total development cost of £31 million on the three wholly owned development sites with planning consent.

In their report to us, C&W have drawn attention to valuation uncertainty resulting from a lack of transactions in the self storage investment market. Please see note 15 for further details.

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Surplus land

These are sites which we do not intend to develop into self storage centres. The sites are held at the lower of cost and net realisable value and have not been externally valued. The book value of surplus land has reduced following the disposal of the Richmond hotel development and the Chiswick surplus site in the period.

Net asset value

The adjusted net asset value is 427.9 pence per share (see note 14), up from 427.7 pence per share at 31 March 2012. The table below reconciles the movement from 31 March 2012.

	Equity shareholders ' funds £m	EPRA adjusted NAV pence per share
Movement in adjusted net asset value		
1 April 2012	559.0	427.7
Adjusted profit before tax	13.9	10.6
Equity dividends paid	(7.1)	(5.4)
Revaluation movements (including share of BYLP)	1.1	0.8
Movement in purchaser's cost adjustment	0.2	0.2
Cancellation of interest rate derivatives	(9.2)	(7.0)
Other movements (eg share incentives)	2.7	1.0
30 September 2012	560.6	427.9

Big Yellow Limited Partnership

Big Yellow Limited Partnership, a joint venture with Pramerica Real Estate Investors Limited, owns self storage centres outside London. In the consolidated accounts of Big Yellow Group PLC, the Partnership is treated as an associate using the equity accounting method.

The Partnership is currently trading from twelve stores. There are no further stores under development.

Our estimate of the Big Yellow equity commitment required to fund the remaining second phase fit-out of the stores is £1.0 million.

The Group earns certain construction and operational fees from the Partnership. For the period to 30 September 2012, these fees amounted to £0.3 million (2011: £0.4 million).

The occupancy of the stores is 391,000 sq ft, against a total capacity of 743,000 sq ft, with growth of 102,000 sq ft in the last twelve months, of which 66,000 sq ft has been since 31 March. The stores' occupancy at 30 September 2012 was 52.6% (March 2012: 43.7%). The net rent achieved at 30 September 2012 by the Partnership stores is £18.17 per sq ft, a decrease of 1% from the same time last year, and an increase of 0.3% from 31 March 2012. The REVPAF of the portfolio increased by 35% to £12.17 for the six months to 30 September 2012 (2011: £9.04).

The Partnership made an operating profit of £1.7 million in the period, of which Big Yellow's share is a third. After net interest costs and the revaluation of investment properties and interest rate derivatives, the profit for the period for the Partnership was £5.7 million, of which the Group's share was £1.9 million.

We have recognised a receivable of £4.3 million in the period in respect of payments due back to the Partnership under the Capital Goods Scheme. These amounts are subject to agreement with HMRC. The receivable has been discounted; the gross value of the receivable before discounting is £4.9 million.

In October 2012, the £60 million Partnership bank facility with RBS and HSBC was extended to September 2016 from its previous expiry date of September 2013. The new facility has an initial higher average cost of debt of approximately 6.4%. We expect this to reduce to 4.8% from July 2013, when existing hedging arrangements

BIG YELLOW GROUP PLC

expire, with forward start swaps covering 50% of the drawn debt at a pre-margin cost of 1.05% starting from that date. There is a margin ratchet based on the Partnership's income cover which ranges between 250 bps and 400 bps.

Big Yellow has an option to purchase the assets contained within the Partnership or the interest in the Partnership which it does not own, exercisable from 31 March 2013. On exit whether by way of exercise of the option or a sale to a third party, Big Yellow is entitled to certain promotes, which could result in Big Yellow sharing in the surplus created in the Partnership ahead of its equity participation.

BIG YELLOW GROUP PLC

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

1. the condensed set of Interim Financial Statements has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union;
2. the Interim Management Report herein includes a fair review of the important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year, as required by Rule 4.2.7R of the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority; and
3. the Interim Management Report includes as applicable, a fair review of disclosure of related party transactions and changes therein, as required by Rule 4.2.8R of the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

By order of the Board

James Gibson
Director

John Trotman
Director

19 November 2012

BIG YELLOW GROUP PLC
PORTFOLIO SUMMARY – WHOLLY OWNED STORES

	September 2012 Established (1)	September 2012 Lease-up	September 2012 Total	September 2011 Established	September 2011 Lease-up	September 2011 Total
Wholly owned stores						
Number of stores	32	22	54	32	20	52
At 30 September:						
Total capacity (sq ft)	1,941,000	1,491,000	3,432,000	1,941,000	1,356,000	3,297,000
Occupied space (sq ft)	1,495,000	815,000	2,310,000	1,452,000	639,000	2,091,000
Percentage occupied	77.0%	54.7%	67.3%	74.8%	47.1%	63.4%
Net rent per sq ft	£27.00	£26.89	£26.96	£26.41	£27.28	£26.68
For the 6 month period:						
REVPAF ⁽²⁾	£23.82	£16.75	£20.78	£22.61	£14.64	£19.33
Average occupancy	76.3%	51.5%	65.6%	73.3%	43.9%	61.3%
Average annual rent psf	£26.87	£27.06	£26.93	£26.40	£27.51	£26.70
	£000	£000	£000	£000	£000	£000
Self storage income	19,953	10,270	30,223	18,830	8,209	27,039
Other storage related income ⁽³⁾	3,190	2,013	5,203	3,081	1,691	4,772
Ancillary store rental income	40	64	104	33	23	56
Total store revenue	23,183	12,347	35,530	21,944	9,923	31,867
Direct store operating costs (excluding depreciation)	(6,720)	(4,711)	(11,431)	(6,834)	(4,190)	(11,024)
Short and long leasehold rent ⁽⁴⁾	(844)	(22)	(866)	(1,010)	(22)	(1,032)
Store EBITDA ⁽⁵⁾	15,619	7,614	23,233	14,100	5,711	19,811
Store EBITDA Margin ⁽⁶⁾	67.4%	61.7%	65.4%	64.3%	57.6%	62.2%
Cumulative capital expenditure	£m	£m	£m			
To 30 September 2012	162.6	231.6	394.2			
To complete	-	4.5	4.5			
Total capital expenditure	162.6	236.1	398.7			

(1) The 32 established stores are those that had reached stabilisation as a portfolio in 2007 prior to the economic downturn. The lease-up stores have yet to trade at their stabilised occupancy levels. Of the 22 lease-up stores, three stores opened before 31 March 2006, six stores opened in the year ended 31 March 2007, six stores opened in the year ended 31 March 2008 and seven have opened since 1 April 2008.

(2) Total store revenue divided by the average maximum lettable area in the period.

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

(4) Rent for seven established short leasehold properties accounted for as investment properties and finance leases under IFRS with total self storage capacity of 431,000 sq ft, and one long leasehold lease-up store with a capacity of 64,000 sq ft.

(5) Earnings before interest, tax, depreciation, amortisation and allocation of central overhead.

(6) Of the established stores, the seven leasehold stores achieved a store EBITDA of £2.7 million and an EBITDA margin of 51%. The freehold stores achieved a store EBITDA of £12.9 million and an EBITDA margin of 72%.

PORTFOLIO SUMMARY – BIG YELLOW LIMITED PARTNERSHIP STORES

	September 2012	September 2011
Number of stores	12	12
At 30 September:		
Total capacity (sq ft)	743,000	743,000
Occupied space (sq ft)	391,000	289,000
Percentage occupied	52.6%	38.9%
Net rent per sq ft	£18.17	£18.34
For the 6 month period:		
REVPAF	£12.17	£9.04
Average occupancy	49.7%	38.0%
Average annual rent psf	£18.29	£18.66
	£000	£000
Self storage income	3,390	2,455
Other storage related income	817	667
Ancillary store rental income	12	2
Total store revenue	4,219	3,124
Direct store operating costs (excluding depreciation)	(2,086)	(1,900)
Store EBITDA	2,133	1,224
Store EBITDA Margin	50.6%	39.2%
Cumulative capital expenditure		
	£m	
To 30 September 2012	98.1	
To complete	3.6	
Total capital expenditure	101.7	

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 September 2012

		Six months ended 30 September 2012 (unaudited) £000	Six months ended 30 September 2011 (unaudited) £000	Year ended 31 March 2012 (audited) £000
Revenue	2	36,188	32,645	65,663
Cost of sales		(12,256)	(11,723)	(23,436)
Gross profit		<hr/> 23,932	<hr/> 20,922	<hr/> 42,227
Administrative expenses		(4,353)	(3,578)	(7,148)
Operating profit before gains and losses on property assets		<hr/> 19,579	<hr/> 17,344	<hr/> 35,079
Gain/(loss) on the revaluation of investment properties	9a	11,521	2,631	(51,381)
Gains/(losses) on surplus land		183	(1)	497
Operating profit/(loss)		<hr/> 31,283	<hr/> 19,974	<hr/> (15,805)
Share of profit/(loss) of associate	9d	1,884	1,548	(602)
Investment income – interest receivable	3	14	5	20
– fair value movement of derivatives	3	2	-	-
Finance costs – interest payable	4	(5,941)	(5,591)	(11,199)
– fair value movement of derivatives	4	-	(9,499)	(7,965)
Profit/(loss) before taxation		<hr/> 27,242	<hr/> 6,437	<hr/> (35,551)
Taxation	5	-	-	-
Profit/(loss) for the period (attributable to equity shareholders)		<hr/> 27,242	<hr/> 6,437	<hr/> (35,551)
Total comprehensive income for the period attributable to equity shareholders		<hr/> 27,242	<hr/> 6,437	<hr/> (35,551)
Basic earnings/(loss) per share	8	21.18p	5.00p	(27.68)p
Diluted earnings/(loss) per share	8	20.97p	4.95p	(27.40)p

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

All items in the income statement relate to continuing operations.

CONDENSED CONSOLIDATED BALANCE SHEET
30 September 2012

		30 September 2012 (unaudited) £000	30 September 2011 (unaudited) £000	31 March 2012 (audited) £000
Non-current assets				
Investment property	9a	745,485	765,210	726,390
Investment property under construction	9a	17,898	39,070	33,905
Interest in leasehold properties	9a	21,951	20,790	22,394
Plant, equipment and owner-occupied property	9b	2,615	2,585	2,637
Goodwill	9c	1,433	1,433	1,433
Investment in associate	9d	18,380	17,479	15,496
Capital Goods Scheme receivable	11	7,501	-	-
		<hr/> 815,263	<hr/> 846,567	<hr/> 802,255
Current assets				
Surplus land	10	7,566	19,693	18,035
Inventories		326	338	299
Trade and other receivables	11	11,478	7,414	10,943
Cash and cash equivalents		8,230	9,329	10,060
		<hr/> 27,600	<hr/> 36,774	<hr/> 39,337
Total assets		<hr/> 842,863	<hr/> 883,341	<hr/> 841,592
Current liabilities				
Trade and other payables	12	(21,612)	(19,988)	(25,675)
Obligations under finance leases		(1,946)	(1,946)	(1,946)
Bank borrowings	13	(177,324)	-	-
		<hr/> (200,882)	<hr/> (21,934)	<hr/> (27,621)
Non-current liabilities				
Derivative financial instruments		(6,573)	(17,282)	(15,748)
Borrowings	13	(97,807)	(282,560)	(282,960)
Obligations under finance leases		(20,005)	(18,844)	(20,448)
Other payables	12	(32)	(954)	(315)
		<hr/> (124,417)	<hr/> (319,640)	<hr/> (319,471)
Total liabilities		<hr/> (325,299)	<hr/> (341,574)	<hr/> (347,092)
Net assets		<hr/> 517,564	<hr/> 541,767	<hr/> 494,500
Equity				
Called up share capital		13,173	13,136	13,139
Share premium account		44,374	43,408	43,432
Reserves		460,017	485,223	437,929
Equity shareholders' funds		<hr/> 517,564	<hr/> 541,767	<hr/> 494,500

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2012 (unaudited)

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2012	13,139	43,432	1,653	441,899	(5,623)	494,500
Total comprehensive income for the period	-	-	-	27,242	-	27,242
Issue of share capital	34	942	-	-	-	976
Credit to equity for equity-settled share based payments	-	-	-	1,903	-	1,903
Dividends	-	-	-	(7,057)	-	(7,057)
At 30 September 2012	13,173	44,374	1,653	463,987	(5,623)	517,564

Six months ended 30 September 2011 (unaudited)

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2011	13,106	43,404	1,653	488,682	(1,896)	544,949
Total comprehensive income for the period	-	-	-	6,437	-	6,437
Issue of share capital	30	4	-	-	-	34
Credit to equity for equity-settled share based payments	-	-	-	534	-	533
Purchase of own shares	-	-	-	-	(3,727)	(3,726)
Dividends	-	-	-	(6,460)	-	(6,460)
At 30 September 2011	13,136	43,408	1,653	489,193	(5,623)	541,767

Year ended 31 March 2012 (audited)

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2011	13,106	43,404	1,653	488,682	(1,896)	544,949
Total comprehensive loss for the year	-	-	-	(35,551)	-	(35,551)
Issue of share capital	33	28	-	-	-	61
Credit to equity for equity-settled share based payments	-	-	-	991	-	991
Purchase of own shares	-	-	-	-	(3,727)	(3,727)
Dividend	-	-	-	(12,223)	-	(12,223)
At 31 March 2012	13,139	43,432	1,653	441,899	(5,623)	494,500

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
Six months ended 30 September 2012 (unaudited)

	Six months ended 30 September 2012 (unaudited) £000	Six months ended 30 September 2011 (unaudited) £000	Year ended 31 March 2012 (audited) £000
	Note		
Operating profit/(loss)	31,283	19,974	(15,805)
(Gain)/loss on the revaluation of investment properties	(11,521)	(2,631)	51,381
(Gains)/losses on surplus land	(183)	1	(497)
Depreciation	295	280	550
Depreciation of finance lease obligations	443	454	853
Employee share options	757	803	1,532
(Increase)/decrease in inventories	(27)	(19)	20
Decrease in receivables	2,032	4,126	887
Increase/(decrease) in payables	355	(3,779)	(44)
Cash generated from operations	23,434	19,209	38,877
Interest paid	(7,558)	(5,729)	(11,508)
Payments to cancel interest rate derivatives	(9,173)	-	-
Interest received	14	5	19
Cash flows from operating activities	6,717	13,485	27,388
Investing activities			
Disposal of surplus land	12,335	912	5,404
Additions to non-current assets	(4,093)	(9,627)	(18,130)
Additions to surplus land	(2,504)	(1,788)	(4,647)
Investment in associate	(1,000)	(1,000)	(1,167)
Cash flows from investing activities	4,738	(11,503)	(18,540)
Financing activities			
Issue of share capital	976	34	61
Payment of finance lease liabilities	(443)	(454)	(853)
Purchase of own shares	-	(3,727)	(3,727)
Equity dividends paid	(7,057)	(6,460)	(12,223)
(Decrease)/increase in borrowings	(6,761)	9,000	9,000
Cash flows from financing activities	(13,285)	(1,607)	(7,742)
Net (decrease)/increase in cash and cash equivalents	A (1,830)	375	1,106
Opening cash and cash equivalents	10,060	8,954	8,954
Closing cash and cash equivalents	8,230	9,329	10,060

A. Reconciliation of net cash flow to movement in net debt
Six months ended 30 September 2012

	Six months ended 30 September 2012 (unaudited) £000	Six months ended 30 September 2011 (unaudited) £000	Year ended 31 March 2012 (audited) £000
Net (decrease)/increase in cash and cash equivalents	(1,830)	375	1,106
Cash flow from movement in debt financing	6,761	(9,000)	(9,000)
Change in net debt resulting from cash flows	<u>4,931</u>	<u>(8,625)</u>	<u>(7,894)</u>
Movement in net debt in the period	4,931	(8,625)	(7,894)
Net debt at start of period	(273,940)	(266,046)	(266,046)
Net debt at end of period	<u>(269,009)</u>	<u>(274,671)</u>	<u>(273,940)</u>

Net debt is defined as gross bank borrowings less cash and cash equivalents.

Notes to the Interim Review

1. ACCOUNTING POLICIES

Basis of preparation

The results for the period ended 30 September 2012 are unaudited and were approved by the Board on 19 November 2012. The financial information contained in this report in respect of the year ended 31 March 2012 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

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

Going concern

A review of the Group's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Chairman's Statement and the Business and Financial Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are shown in the balance sheet, cash flow statement and accompanying notes to the interim statement. Further information concerning the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk can be found in the Business and Financial Review of the Group's Annual Report for the year ended 31 March 2012.

The Directors have considered carefully the Group's trading performance and cash flows as a result of the uncertain global economic environment, the shortage of credit available in the bank finance market in particular and the other principal risks to the Group's performance. After reviewing Group and Company cash balances, projected cash flows, the borrowing facilities available to the Group with a weighted average expiry of over seven years, the Directors believe that the Group and Company have adequate resources to continue operations for the foreseeable future. In reaching this conclusion the Directors have had regard to the Group's operating plan and budget and projections contained in the detailed longer term business plan. For this reason, they continue to adopt the going concern basis in preparing the half year report.

2. SEGMENTAL INFORMATION

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

	Six months ended 30 September 2012 (unaudited) £000	Six months ended 30 September 2011 (unaudited) £000	Year ended 31 March 2012 (audited) £000
Open stores			
Self storage income	30,223	27,039	54,734
Other storage related income	5,203	4,772	9,363
Ancillary store rental income	104	56	176
	<hr/> 35,530	<hr/> 31,867	<hr/> 64,273
Stores under development			
Non-storage income	152	159	270
Fee income			
Fees earned from Big Yellow Limited Partnership	306	419	714
Other management fees earned	200	200	406
	<hr/> 36,188	<hr/> 32,645	<hr/> 65,663
Revenue per income statement			
Investment income (see note 3)	14	5	20
	<hr/> 36,202	<hr/> 32,650	<hr/> 65,683
Total revenue per IAS 18			

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

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

The seasonality of the business is discussed in note 18.

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Notes to the Interim Review

3. INVESTMENT INCOME

	Six months ended 30 September 2012 (unaudited) £000	Six months ended 30 September 2011 (unaudited) £000	Year ended 31 March 2012 (audited) £000
Interest receivable on bank deposits	14	5	20
Fair value movement on derivatives	2	-	-
Total investment income	16	5	20

4. FINANCE COSTS

	Six months ended 30 September 2012 (unaudited) £000	Six months ended 30 September 2011 (unaudited) £000	Year ended 31 March 2012 (audited) £000
Interest on bank borrowings	5,553	5,492	11,097
Capitalised interest	(161)	(449)	(1,035)
Other interest payable	-	7	7
Interest on finance lease obligations	549	541	1,130
Total interest payable	5,941	5,591	11,199
Change in fair value of interest rate derivatives	-	9,499	7,965
Total finance costs	5,941	15,090	19,164

5. TAX

There is no tax charge in the residual business in the period due to tax relief in relation to the restructuring of interest rate derivatives in prior periods.

BIG YELLOW GROUP PLC

Notes to the Interim Review

6. ADJUSTED PROFIT BEFORE TAX

	Six months ended 30 September 2012 (unaudited) £000	Six months ended 30 September 2011 (unaudited) £000	Year ended 31 March 2012 (audited) £000
Profit/(loss) before tax	27,242	6,437	(35,551)
(Gain)/loss on revaluation of investment properties – Group	(11,521)	(2,631)	51,381
Share of (gain)/loss on revaluation of investment properties – associate	(1,594)	(1,725)	480
Change in fair value of interest rate swaps – Group	(2)	9,499	7,965
Share of change in fair value of interest rate swaps – associate	(156)	40	(135)
VAT implementation costs	136	-	-
(Gains)/losses on surplus land	(183)	1	(497)
	-	-	-
Adjusted profit before tax	13,922	11,621	23,643
Net bank and other interest	5,378	5,045	10,049
Depreciation	295	280	550
Adjusted EBITDA	19,595	16,946	34,242

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

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Notes to the Interim Review

7. DIVIDENDS

	Six months ended 30 September 2012 (unaudited) £000	Six months ended 30 September 2011 (unaudited) £000
Amounts recognised as distributions to equity holders in the period: Final dividend for the year ended 31 March 2012 of 5.5p (2011: 5p) per share.	7,057	6,460
Proposed interim dividend for the year ending 31 March 2013 of 5p (2012: 4.5p) per share.	6,484	5,762

The proposed interim dividend of 5 pence per ordinary share will be paid on 4 January 2013 to shareholders on the Register on 7 December 2012. The interim dividend is all Property Income Dividend.

8. EARNINGS PER ORDINARY SHARE

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

	Six months ended 30 September 2012 (unaudited)			Six months ended 30 September 2011 (unaudited)			Year ended 31 March 2012 (audited)		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	27.24	128.63	21.18	6.44	128.83	5.00	(35.55)	128.44	(27.68)
<i>Adjustments:</i> Dilutive share options	-	1.30	(0.21)	-	1.37	(0.05)	-	1.29	0.28
Diluted	27.24	129.93	20.97	6.44	130.20	4.95	(35.55)	129.73	(27.40)
<i>Adjustments:</i> (Gain)/loss on revaluation of investment properties	(11.52)	-	(8.87)	(2.63)	-	(2.02)	51.38	-	39.61
Change in fair value of interest rate derivatives	-	-	-	9.50	-	7.30	7.97	-	6.14
VAT implementation costs	0.14	-	0.11	-	-	-	(0.50)	-	(0.39)
Gains on surplus land	(0.18)	-	(0.14)	-	-	-	-	-	-
Share of associate non-recurring (gains)/losses	(1.76)	-	(1.36)	(1.69)	-	(1.30)	0.34	-	0.26
EPRA - diluted	13.92	129.93	10.71	11.62	130.20	8.93	23.64	129.73	18.22
EPRA – basic	13.92	128.63	10.82	11.62	128.83	9.02	23.64	128.44	18.41

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

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

BIG YELLOW GROUP PLC

Notes to the Interim Review

9. NON-CURRENT ASSETS

a) Investment property

	Investment property £000	Investment property under construction £000	Interests in leasehold properties £000	Total £000
At 1 April 2012	726,390	33,905	22,394	782,689
Additions	2,124	72	-	2,196
Capital Goods Scheme adjustment*	(10,629)	-	-	(10,629)
Reclassification to investment property	16,260	(16,260)	-	-
Revaluation	11,340	181	-	11,521
Depreciation	-	-	(443)	(443)
At 30 September 2012	745,485	17,898	21,951	785,334

Capital commitments at 30 September 2012 were £nil (31 March 2012: £4.9 million).

* The Capital Goods Scheme adjustment includes the discounted debtor receivable of £10,346,000, and a reduction in the creditor payable of £283,000.

b) Plant, equipment and owner-occupied property

	Freehold property £000	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings and office equipment £000	Total £000
Cost						
At 1 April 2012	1,867	44	780	25	6,308	9,024
Additions	15	-	43	-	215	273
At 30 September 2012	1,882	44	823	25	6,523	9,297
Accumulated depreciation						
At 1 April 2012	(226)	(44)	(563)	(9)	(5,545)	(6,387)
Charge for the period	(17)	-	(23)	(3)	(252)	(295)
At 30 September 2012	(243)	(44)	(586)	(12)	(5,797)	(6,682)
Net book value						
At 30 September 2012	1,639	-	237	13	726	2,615
At 1 April 2012	1,641	-	217	16	763	2,637

c) Goodwill

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

BIG YELLOW GROUP PLC

Notes to the Interim Review

9. NON-CURRENT ASSETS (continued)

d) Investment in associate

The Group has a 33.3% interest in Big Yellow Limited Partnership. This interest is accounted for as an associate, using the equity method of consolidation.

	30 September 2012 (unaudited) £000	30 September 2011 (unaudited) £000	31 March 2012 (audited) £000
At the beginning of the year	15,496	14,931	14,931
Subscription for partnership capital and advances	1,000	1,000	1,167
Share of results (see below)	1,884	1,548	(602)
	<hr/> 18,380	<hr/> 17,479	<hr/> 15,496

The Group's total subscription for partnership capital and advances in Big Yellow Limited Partnership to date is £15,799,000.

BIG YELLOW GROUP PLC

Notes to the Interim Review

9. NON-CURRENT ASSETS (continued)

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

Big Yellow Limited Partnership	Six months ended 30 September 2012 (unaudited) £000	Six months ended 30 September 2011 (unaudited) £000	Year ended 31 March 2012 (audited) £000
Income statement (100%)			
Revenue	4,219	3,124	6,539
Cost of sales	(2,441)	(2,284)	(4,660)
Administrative expenses	(68)	(24)	(77)
Operating profit	1,710	816	1,802
Gain/(loss) on the revaluation of investment properties	4,783	5,175	(1,441)
Net interest payable	(1,308)	(1,228)	(2,572)
Fair value movement of interest rate derivatives	468	(120)	406
Profit/(loss) before and after tax	5,653	4,643	(1,805)
Balance sheet (100%)			
Investment property	111,010	116,860	110,460
Other non-current assets	3,717	724	641
Current assets	3,046	1,100	1,548
Current liabilities	(61,770)	(2,090)	(2,463)
Derivative financial instruments	(862)	(1,856)	(1,330)
Non-current liabilities	-	(62,300)	(62,367)
Net assets (100%)	55,141	52,438	46,489
Group share (33.3%)			
Operating profit	570	272	601
Gain on the revaluation of investment properties	1,594	1,725	(480)
Net interest payable	(436)	(409)	(858)
Fair value movement of interest rate derivatives	156	(40)	135
Profit/(loss) before and after tax	1,884	1,548	(602)
Associate net assets	18,380	17,479	15,496

The Partnership loan is classified as a current liability at period end, as its expiry date was 30 September 2013. In October 2012, the facility was extended with a new expiry date of September 2016.

10. SURPLUS LAND

	£000
At 1 April 2012	18,035
Additions	2,504
Disposals	(12,973)
At 30 September 2012	7,566

BIG YELLOW GROUP PLC

Notes to the Interim Review

11. TRADE AND OTHER RECEIVABLES

	30 September 2012 (unaudited) £000	30 September 2011 (unaudited) £000	31 March 2012 (audited) £000
Current			
Trade receivables	2,568	1,462	1,559
Capital Goods Scheme receivable	2,845	-	-
Other receivables	699	407	1,316
Prepayments and accrued income	5,366	5,545	8,068
	<hr/>	<hr/>	<hr/>
	11,478	7,414	10,943
Non-current			
Capital Goods Scheme receivable	7,501	-	-

12. TRADE AND OTHER PAYABLES

	30 September 2012 (unaudited) £000	30 September 2011 (unaudited) £000	31 March 2012 (audited) £000
Current			
Trade payables	3,948	4,140	9,159
Other payables	5,841	2,802	2,957
Accruals and deferred income	11,182	12,128	12,918
VAT repayable under Capital Goods Scheme	641	918	641
	<hr/>	<hr/>	<hr/>
	21,612	19,988	25,675
Non-current			
VAT repayable under Capital Goods Scheme	32	954	315

BIG YELLOW GROUP PLC

Notes to the Interim Review

13. BORROWINGS

	30 September 2012 (unaudited) £000	30 September 2011 (unaudited) £000	31 March 2012 (audited) £000
Bank borrowings	178,000		
Unamortised debt arrangement costs	(676)	-	-
Current borrowings	<u>177,324</u>	<u>-</u>	<u>-</u>
Long term borrowings	99,239	-	-
Bank borrowings	-	284,000	284,000
Unamortised debt arrangement costs	(1,432)	(1,440)	(1,040)
Non-current borrowings	<u>97,807</u>	<u>282,560</u>	<u>282,960</u>
Total borrowings	<u>275,131</u>	<u>282,560</u>	<u>282,960</u>

In April 2012 the Group entered into a new £100 million 15 year loan with Aviva Commercial Finance Limited, secured over a portfolio of 15 freehold self storage centres valued at £242.1 million at 29 February 2012. The annual fixed interest rate on the loan is 4.90%. The loan was deployed to repay and cancel £100 million of the Group's core bank debt facility.

The loan amortises to £60 million over the course of the 15 years, consistent with the Group's medium term debt reduction strategy. The debt service is payable monthly based on fixed annual amounts. The loan outstanding on the fifth anniversary will be £89.8 million; £76.7 million on the tenth anniversary, with £60 million at expiry in April 2027.

In October 2012 the Group entered into a new £190 million 4 year bank facility with Lloyds TSB, HSBC and Santander, expiring in September 2016. £140 million of the facility is term loan with the balance of £50 million revolving.

This facility replaced the Group's existing £225 million facility, expiring in September 2013, which was provided by the same three banks and HSH Nordbank, who have been fully repaid following completion of this refinancing. The amount of the facility has been reduced to £190 million as the Group no longer needs a higher capacity given its commitment to reduce debt. As this facility had less than a year to expiry at the balance sheet date, it is presented as short term borrowings.

The facilities attract a ratcheted margin over LIBOR based on interest cover. The Group is currently paying a blended 2.4% margin, the lowest margin on the ratchet, which is effective for income cover of greater than 3 times.

The Group has one interest rate derivative in place; £70 million fixed at 2.8% (excluding the margin on the underlying debt instrument) until September 2016.

The Group does not hedge account for its interest rate swaps and states them at fair value, with changes in fair value included in the income statement. The gain in the income statement for the period of these interest rate swaps was £2,000 (2011: loss of £9,499,000).

At 30 September 2012 the Group and the Partnership were in compliance with all of their loan covenants.

BIG YELLOW GROUP PLC

Notes to the Interim Review

14. ADJUSTED NET ASSETS PER SHARE

Analysis of net asset value	30 September 2012 (unaudited) £000	30 September 2011 (unaudited) £000	31 March 2012 (audited) £000
Basic net asset value	517,564	541,767	494,500
Exercise of share options	389	369	746
EPRA NNNAV	<u>517,953</u>	<u>542,136</u>	<u>495,246</u>
Adjustments:			
Fair value of derivatives	6,573	17,282	15,748
Fair value of derivatives – share of associate	287	619	443
EPRA NAV	<u>524,813</u>	<u>560,037</u>	<u>511,437</u>
Basic net assets per share (pence)	399.1	423.1	386.1
EPRA NNNAV per share (pence)	395.4	414.8	378.9
EPRA NAV per share (pence)	400.6	428.5	391.3
EPRA NAV (£000)	524,813	560,037	511,437
Valuation methodology assumption (£000) (see note 15)	35,762	37,937	35,514
Capital Goods Scheme adjustment (see below)	-	-	12,056
Adjusted net asset value (£000)	560,575	597,974	559,007
Adjusted net assets per share (pence)	427.9	457.5	427.7
Shares in issue	131,726,812	131,355,716	131,393,041
Own shares held	(2,042,081)	(3,303,867)	(3,303,867)
Basic shares in issue used for calculation	129,684,731	128,051,849	128,089,174
Exercise of share options	1,319,583	2,654,006	2,623,172
Diluted shares used for calculation	131,004,314	130,705,855	130,712,346

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

Adjusted net assets per share include:

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

The adjusted net assets per share presented for the year ended 31 March 2012 has been restated to show the discounted Capital Goods Scheme receivable and the reduction in the creditor payable as recorded at 30 September 2012 to ensure comparability with the current period disclosure. This has reduced the adjusted net assets per share at 31 March 2012 from 429.2 pence to 427.7 pence.

BIG YELLOW GROUP PLC

Notes to the Interim Review

15. VALUATIONS OF INVESTMENT PROPERTY

	Cost £000	Revaluation on cost £000	Valuation £000
Freehold stores*			
At 1 April 2012	358,567	324,323	682,890
Transfer from investment property under construction	20,936	(4,676)	16,260
Capital Goods Scheme adjustment	(10,525)	10,525	-
Movement in period	2,074	571	2,645
At 30 September 2012	371,052	330,743	701,795
Leasehold stores			
At 1 April 2012	15,851	27,649	43,500
Capital Goods Scheme adjustment	(104)	104	-
Movement in period	50	140	190
At 30 September 2012	15,797	27,893	43,690
Total of open stores			
At 1 April 2012	374,418	351,972	726,390
Transfer from investment property under construction	20,936	(4,676)	16,260
Capital Goods Scheme adjustment	(10,629)	10,629	-
Movement in period	2,124	711	2,835
At 30 September 2012	386,849	358,636	745,485
Investment property under construction			
At 1 April 2012	44,413	(10,508)	33,905
Transfer to investment property	(20,936)	4,676	(16,260)
Movement in period	72	181	253
At 30 September 2012	23,549	(5,651)	17,898
Total			
At 1 April 2012	418,831	341,464	760,295
Capital Goods Scheme adjustment **	(10,629)	10,629	-
Movement in period	2,196	892	3,088
At 30 September 2012	410,398	352,985	763,383

* Includes one long leasehold store

** The Capital Goods Scheme adjustment includes the discounted debtor receivable of £10,346,000, and a reduction in the creditor payable of £283,000.

BIG YELLOW GROUP PLC

Notes to the Interim Review

15. VALUATIONS OF INVESTMENT PROPERTY (CONTINUED)

The freehold and leasehold investment properties have been valued at 30 September 2012 by external valuers, Cushman & Wakefield LLP ("C&W"). The valuation has been carried out in accordance with the RICS Valuation – Professional Standards, published by The Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each of the investment properties and the investment properties under construction has been prepared on the basis of either Fair Value or Fair Value as a fully equipped operational entity, having regard to trading potential, as appropriate.

The valuation has been provided for accounts purposes and as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, C&W have confirmed that:

- The members of the RICS who have been the signatories to the valuations provided to the Group for the same purposes as this valuation have done so since September 2004;
- C&W have been carrying out this bi-annual valuation for the same purposes as this valuation on behalf of the Group since September 2004;
- C&W do not provide other significant professional or agency services to the Group;
- In relation to the preceding financial year of C&W, the proportion of the total fees payable by the Group to the total fee income of the firm is less than 5%; and
- The fee payable to C&W is a fixed amount per store, and is not contingent on the appraised value.

Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from the recent global banking crisis coupled with the economic downturn, which have caused a low number of transactions in the market for self storage property. C&W note that, although there were a number of self storage transactions in 2007, the only significant transactions since 2007 are:

1. The sale of a 51% share in Shurgard Europe which was announced in January 2008 and completed on 31 March 2008;
2. The sale of the former Keepsafe portfolio by Macquarie to Alligator Self Storage which was completed in January 2010; and
3. The purchase by Shurgard Europe of the 80% interests held by its joint venture partner (Arcapita) in its two European joint venture vehicles, First Shurgard and Second Shurgard. The price paid was €172 million and the transaction was announced in March 2011. The two joint ventures owned 72 self storage properties.

Four further smaller transactions took place in 2011 at West Molesey, Cambridge, Dartford and St Albans.

C&W state that due to the lack of comparable market information in the self storage sector, there is greater uncertainty attached to their opinion of value than would be anticipated during more active market conditions.

Valuation methodology

C&W have adopted different approaches for the valuation of the leasehold and freehold assets as follows:

Freehold and long leasehold

The valuation is based on a discounted cash flow of the net operating income over a ten year period and notional sale of the asset at the end of the tenth year.

BIG YELLOW GROUP PLC

Notes to the Interim Review

15. VALUATIONS OF INVESTMENT PROPERTY (CONTINUED)

Assumptions

- A. Net operating income is based on projected revenue received less projected operating costs together with a central administration charge of 6% of the estimated annual revenue subject to a cap and a collar. The initial net operating income is calculated by estimating the net operating income in the first 12 months following the valuation date.
- B. The net operating income in future years is calculated assuming either straight-line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the 54 trading stores (both freeholds and leaseholds) open at 30 September 2012 averages 82.3% (31 March 2012: 82.4%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for the 32 established stores to trade at their maturity levels is 25 months (31 March 2012: 32 months); for the 22 lease-up stores, the average period to maturity is 38 months (31 March 2012: 44 months).
- C. The capitalisation rates applied to existing and future net cash flow have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as student housing and hotels, bank base rates, ten year money rates, inflation and the available evidence of transactions in the sector. The valuation included in the accounts assumes rental growth in future periods. If an assumption of no rental growth is applied to the external valuation, the net initial yield pre-administration expenses for the 32 established stores is 7.3% (31 March 2012: 6.8%) rising to a stabilised net yield pre-administration expenses of 8.1% (31 March 2012: 8.1%). Also on a no growth and pre-administration expenses basis the 21 lease-up stores have a net initial yield of 5.0% (31 March 2012: 4.4%) rising to 8.5% (31 March 2012: 8.6%) on 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 (for both freeholds and leaseholds) is 11.23% (31 March 2012: 11.23%).
- E. Purchaser's costs of 5.8% (see below) have been assumed initially and sale plus purchaser's costs totalling 6.8% are assumed on the notional sales in the tenth year in relation to the freehold stores.

Short leasehold

The same methodology has been used as for freeholds, except that no sale of the assets in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease. The average unexpired term of the Group's seven short leasehold properties is 16.2 years (31 March 2012: 16.7 years).

Investment properties under construction

C&W have valued the stores in development adopting the same methodology as set out above but on the basis of the cash flow projection expected for the store at opening and after allowing for the outstanding costs to take each scheme from its current state to completion and full fit-out. C&W have allowed for holding costs and construction contingency, as appropriate. One scheme does not yet have planning consent and C&W have reflected the planning risk in their valuation.

Immature stores: value uncertainty

C&W have assessed the value of each property individually. However, two of the stores in the Group and two of the stores in Big Yellow Limited Partnership are relatively immature and have low initial cash flow. C&W have endeavoured to reflect the nature of the cash flow profile for these properties in their valuation, and the higher associated risks relating to the as yet unproven future cash flow, by adjustment to the capitalisation rates and discount rates adopted. However, immature low cash flow stores of this nature are rarely, if ever, traded

BIG YELLOW GROUP PLC

Notes to the Interim Review

individually in the market, unless as part of a distressed sale or similar situation. Although, there is more evidence of immature low cash flow stores being traded as part of a group or portfolio transaction.

15. VALUATIONS OF INVESTMENT PROPERTY (CONTINUED)

Please note C&W's comments in relation to market uncertainty in the self storage sector due to the lack of comparable market transactions and information. The degree of uncertainty relating to the four immature stores is greater than in relation to the balance of the properties due to there being even less market evidence that might be available for more mature properties and portfolios.

C&W state that in practice, if an actual sale of the properties were to be contemplated then any immature low cash flow stores would normally be presented to the market for sale lotted or grouped with other more mature assets owned by the same entity, in order to alleviate the issue of negative or low short term cash flow. This approach would enhance the marketability of the group of assets and assist in achieving the best price available in the market by diluting the cash flow risk.

C&W have not adjusted their opinion of Fair Value to reflect such a grouping of the immature assets with other properties in the portfolio and all stores have been valued individually. However, they highlight the matter to alert the Group to the manner in which the properties might be grouped or lotted in order to maximise their attractiveness to the market place.

C&W consider this approach to be a valuation assumption but not a Special Assumption, the latter being an assumption that assumes facts that differ from the actual facts existing at the valuation date and which, if not adopted, could produce a material difference in value.

C&W have not assumed that the entire portfolio of properties owned by the entity would be sold as a single lot and the value for the whole portfolio in the context of a sale as a single lot may differ significantly (either higher or lower) from the aggregate of the individual values for each property in the portfolio, reflecting the lotting assumption described above.

Valuation assumption for purchaser's costs

The Group's investment property assets have been valued for the purposes of the financial statements after deducting notional purchaser's cost of 5.8% of gross value, as if they were sold directly as property assets. The valuation is an asset valuation which is entirely linked to the operating performance of the business. They would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be very difficult to achieve except in a corporate structure.

This approach follows the logic of the valuation methodology in that the valuation is based on a capitalisation of the net operating income after allowing a deduction for operational cost and an allowance for central administration costs. Sale in a corporate structure would result in a reduction in the assumed Stamp Duty Land Tax but an increase in other transaction costs reflecting additional due diligence resulting in a reduced notional purchaser's cost of 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. The Group therefore instructed C&W to carry out a Red Book valuation on the above basis, and this results in a higher property valuation at 30 September 2012 of £797,498,000 (£34,115,000 higher than the value recorded in the financial statements). The valuations in Big Yellow Limited Partnership are £4,940,000 higher than the value recorded in the financial statements, of which the Group's share is £1,647,000. The sum of these is £35,762,000 and translates to 27.3 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 14).

BIG YELLOW GROUP PLC

Notes to the Interim Review

16. RELATED PARTY TRANSACTIONS

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

Dreams plc

Steve Johnson, a Non-Executive Director of the Group was the Executive Chairman of Dreams plc until 31 October 2012. During the period, the Group has continued to lease a retail unit at its Eltham store to Dreams plc on normal commercial terms.

AnyJunk Limited

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

Transactions with Big Yellow Limited Partnership

As described in note 9d, the Group has a 33.3% interest in Big Yellow Limited Partnership, and entered into transactions with the Partnership during the year on normal commercial terms as shown in the table below.

	30 September 2012 (unaudited) £000	30 September 2011 (unaudited) £000	31 March 2012 (audited) £000
Fees earned from Big Yellow Limited Partnership	306	419	714
Balance due from/(owed to) the Partnership	323	(2)	294

No other related party transactions took place during the period ended 30 September 2012, the period ended 30 September 2011 or the year ended 31 March 2012.

17. POST BALANCE SHEET EVENTS

On 5 October 2012 the Group completed the refinancing of its bank facility, putting in place a new £190 million facility expiring in September 2016 (see note 13 for further details).

On 30 October 2012 Big Yellow Limited Partnership completed the extension of its existing £60 million bank facility, extending the expiry date to September 2016.

BIG YELLOW GROUP PLC

Notes to the Interim Review

18. RISKS AND UNCERTAINTIES

The operational risks facing the Group for the remaining six months of the financial year are consistent with those outlined in the Annual Report for the year ended 31 March 2012. The outlook for the housing market and the economy is broadly similar to that considered in March 2012, and the risk mitigating factors listed in the 2012 Annual Report are still appropriate.

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

Self storage is a seasonal business, and over the last three years we have seen losses in occupancy of c. 2-3% in the December quarter. The New Year typically sees an increase in activity, occupancy and revenue growth. The visibility we have on the business is relatively limited at three to four weeks and is based on the net reservations we have in hand, which are currently in line with our expectations.

Our customers are facing difficult financial conditions and there is therefore an increased risk that they may default on their rent payments, however since the start of the current economic difficulties, we have not seen an increase in bad debts. We have 39,000 customers and this, coupled with the diversity of their reasons for using storage mean the risk of individual tenant default to Big Yellow is low. 81% of our customers pay by direct debit and we take a deposit from all customers. Furthermore, we have a right of lien over customers' goods, so in the ultimate event of default, we are able to auction the goods to recover the debts.

BIG YELLOW GROUP PLC

INDEPENDENT REVIEW REPORT TO BIG YELLOW GROUP PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2012 which comprises the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement, the reconciliation of net cash flow to movement in net debt and related notes 1 to 18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting,” as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor
Reading, United Kingdom
19 November 2012