

Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 September 2013

	Note	Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Revenue	2	35,866	36,188	69,671
Cost of sales		(12,237)	(12,256)	(24,493)
Gross profit		23,629	23,932	45,178
Administrative expenses		(4,063)	(4,353)	(7,724)
Operating profit before gains and losses on property assets		19,566	19,579	37,454
Gain on the revaluation of investment properties	9a	17,841	11,521	9,535
Gains on surplus land		8	183	1,039
Operating profit		37,415	31,283	48,028
Share of profit of associate	9d	850	1,884	618
Investment income – interest receivable	3	216	14	33
– fair value movement of derivatives	3	1,800	2	–
Finance costs – interest payable	4	(5,760)	(5,941)	(12,280)
– fair value movement of derivatives	4	–	–	(223)
– refinancing costs	4	–	–	(4,300)
Profit before taxation		34,521	27,242	31,876
Taxation	5	–	–	–
Profit for the period (attributable to equity shareholders)		34,521	27,242	31,876
Total comprehensive income for the period attributable to equity shareholders		34,521	27,242	31,876
Basic earnings per share	8	24.7p	21.2p	24.4p
Diluted earnings per share	8	24.5p	21.0p	24.1p

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 2013

	Note	30 September 2013 (unaudited) £000	30 September 2012 (unaudited) £000	31 March 2013 (audited) £000
Non-current assets				
Investment property	9a	763,690	745,485	745,605
Investment property under construction	9a	18,997	17,898	17,277
Interest in leasehold properties	9a	21,320	21,951	21,803
Plant, equipment and owner-occupied property	9b	2,963	2,615	2,750
Goodwill	9c	1,433	1,433	1,433
Investment in associate	9d	18,531	18,380	17,681
Capital Goods Scheme receivable	11	7,600	7,501	7,501
		834,534	815,263	814,050
Current assets				
Surplus land	10	5,984	7,566	4,593
Inventories		280	326	300
Trade and other receivables	11	10,737	11,478	14,450
Cash and cash equivalents		1,709	8,230	7,850
		18,710	27,600	27,193
Total assets		853,244	842,863	841,243
Current liabilities				
Trade and other payables	12	(19,725)	(21,612)	(24,421)
Obligations under finance leases		(1,952)	(1,946)	(1,952)
Borrowings	13	(1,985)	(179,214)	(1,937)
		(23,662)	(202,772)	(28,310)
Non-current liabilities				
Derivative financial instruments		(3,694)	(6,573)	(5,494)
Borrowings	13	(227,015)	(95,917)	(234,948)
Obligations under finance leases		(19,368)	(20,005)	(19,851)
Other payables	12	–	(32)	(12)
		(250,077)	(122,527)	(260,305)
Total liabilities		(273,739)	(325,299)	(288,615)
Net assets		579,505	517,564	552,628
Equity				
Called up share capital		14,285	13,173	14,264
Share premium account		44,290	44,374	44,278
Reserves		520,930	460,017	494,086
Equity shareholders' funds		579,505	517,564	552,628

Consolidated Statement of Changes in Equity

Six months ended 30 September 2013 (unaudited)

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Other distributable reserves £000	Own shares £000	Total £000
At 1 April 2013	14,264	44,278	1,653	463,263	34,793	(5,623)	552,628
Total comprehensive income for the period	–	–	–	34,521	–	–	34,521
Issue of share capital	21	12	–	–	–	–	33
Credit to equity for equity-settled share based payments	–	–	–	707	–	–	707
Dividends	–	–	–	(8,384)	–	–	(8,384)
At 30 September 2013	14,285	44,290	1,653	490,107	34,793	(5,623)	579,505

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

Year ended 31 March 2013 (audited)

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Other distributable reserves £000	Own shares £000	Total £000
At 1 April 2012	13,139	43,432	1,653	441,899	–	(5,623)	494,500
Total comprehensive gain for the year	–	–	–	31,876	–	–	31,876
Issue of share capital	1,125	846	–	–	34,793	–	36,764
Dividends	–	–	–	(13,543)	–	–	(13,543)
Credit to equity for equity-settled share based payments	–	–	–	3,031	–	–	3,031
At 31 March 2013	14,264	44,278	1,653	463,263	34,793	(5,623)	552,628

Condensed Consolidated Cash Flow Statement

Six months ended 30 September 2013 (unaudited)

Note	Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
	37,415	31,283	48,028
	(17,841)	(11,521)	(9,535)
	(8)	(183)	(1,039)
	262	295	583
	483	443	933
	707	757	1,376
	20	(27)	(1)
	2,657	2,032	(1,016)
	(4,365)	355	2,696
Cash generated from operations	19,330	23,434	42,025
Interest paid	(5,358)	(7,558)	(11,873)
Interest received	13	14	34
Cash flows from operating activities	13,985	15,890	30,186
Investing activities			
Disposal of surplus land	–	12,335	15,864
Additions to non-current assets	(3,279)	(4,093)	(5,745)
Additions to surplus land	(56)	(2,504)	(1,969)
Investment in associate	–	(1,000)	(1,567)
Cash flows from investing activities	(3,335)	4,738	6,583
Financing activities			
Issue of share capital	33	976	36,764
Payment of finance lease liabilities	(483)	(443)	(933)
Payments to cancel interest rate derivatives	–	(9,173)	(10,477)
Refinancing fees	–	–	(5,096)
Equity dividends paid	(8,384)	(7,057)	(13,543)
Decrease in borrowings	(7,957)	(6,761)	(45,694)
Cash flows from financing activities	(16,791)	(22,458)	(38,979)
Net decrease in cash and cash equivalents	(6,141)	(1,830)	(2,210)
Opening cash and cash equivalents	7,850	10,060	10,060
Closing cash and cash equivalents	1,709	8,230	7,850

A. Reconciliation of Net Cash Flow to Movement in Net Debt

Six months ended 30 September 2013

	Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Net decrease in cash and cash equivalents	(6,141)	(1,830)	(2,210)
Cash flow from movement in debt financing	7,957	6,761	45,694
Change in net debt resulting from cash flows	1,816	4,931	43,484
Movement in net debt in the period	1,816	4,931	43,484
Net debt at start of period	(230,456)	(273,940)	(273,940)
Net debt at end of period	(228,640)	(269,009)	(230,456)

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

Notes to the Half Year Report

1. ACCOUNTING POLICIES

Basis of preparation

The results for the period ended 30 September 2013 are unaudited and were approved by the Board on 18 November 2013. The financial information contained in this report in respect of the year ended 31 March 2013 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.

Valuation of assets and liabilities held at fair value

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

Going concern

A review of the Group's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Chairman's Statement and the Business and Financial Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are shown in the balance sheet, cash flow statement and accompanying notes to the interim statement. Further information concerning the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk can be found in the Business and Financial Review of the Group's Annual Report for the year ended 31 March 2013.

The Directors have considered carefully the Group's trading performance and cash flows in the context of the uncertain global economic environment and the other principal risks to the Group's performance. After reviewing Group and Company cash balances, projected cash flows, and the borrowing facilities available to the Group, the Directors believe that the Group and Company have adequate resources to continue operations for the foreseeable future. In reaching this conclusion the Directors have 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.

Notes to the Half Year Report (continued)

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 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Open stores			
Self storage income	29,590	30,223	58,112
Other storage related income	5,357	5,203	9,996
Ancillary store rental income	133	104	226
	35,080	35,530	68,334
Other revenue			
Non-storage income	272	152	298
Fees earned from Big Yellow Limited Partnership	309	306	639
Other management fees earned	205	200	400
Revenue per income statement	35,866	36,188	69,671
Investment income (see note 3)	216	14	33
Total revenue per IAS 18	36,082	36,202	69,704

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 17.

3. INVESTMENT INCOME

	Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Interest receivable	216	14	33
Fair value movement on derivatives	1,800	2	–
Total investment income	2,016	16	33

£203,000 of the interest receivable in the current period relates to the unwinding of the discount of the Capital Goods Scheme receivable in accordance with IFRS 7 (prior periods: £nil).

Notes to the Half Year Report (continued)

4. FINANCE COSTS

	Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Interest on bank borrowings	5,410	5,553	11,459
Capitalised interest	(163)	(161)	(236)
Interest on finance lease obligations	513	549	1,057
Total interest payable	5,760	5,941	12,280
Change in fair value of interest rate derivatives	–	–	223
Refinancing costs	–	–	4,300
Total finance costs	5,760	5,941	16,803

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 and the utilisation of other brought forward tax losses.

6. ADJUSTED PROFIT BEFORE TAX

	Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Profit before tax	34,521	27,242	31,876
Gain on revaluation of investment properties – Group	(17,841)	(11,521)	(9,535)
Share of gain on revaluation of investment properties – associate	(413)	(1,594)	(821)
Change in fair value of interest rate swaps – Group	(1,800)	(2)	223
Share of change in fair value of interest rate swaps – associate	(224)	(156)	(211)
VAT implementation costs	–	136	179
Refinancing costs	–	–	4,300
Share of refinancing costs in associate	–	–	499
Gains on surplus land	(8)	(183)	(1,039)
Adjusted profit before tax	14,235	13,922	25,471
Net bank and other interest	5,031	5,378	11,190
Depreciation	262	295	583
Adjusted EBITDA	19,528	19,595	37,244

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.

Notes to the Half Year Report (continued)

7. DIVIDENDS

	Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2013 of 6p (2012: 5.5p) per share.	8,384	7,057
Proposed interim dividend for the year ending 31 March 2014 of 8p (2013: 5p) per share.	11,198	6,484

The proposed interim dividend of 8 pence per ordinary share will be paid on 9 January 2014 to shareholders on the Register on 13 December 2013. 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 2013 (unaudited)			Six months ended 30 September 2012 (unaudited)			Year ended 31 March 2013 (audited)		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	34.5	139.8	24.7	27.2	128.6	21.2	31.9	130.9	24.4
Adjustments:									
Dilutive share options	–	1.0	(0.2)	–	1.3	(0.2)	–	1.3	(0.3)
Diluted	34.5	140.8	24.5	27.2	129.9	21.0	31.9	132.2	24.1
Adjustments:									
Gain on revaluation of investment properties	(17.8)	–	(12.6)	(11.5)	–	(8.9)	(9.5)	–	(7.2)
Change in fair value of interest rate derivatives	(1.8)	–	(1.3)	–	–	–	0.2	–	0.2
Gains on surplus land	–	–	–	(0.2)	–	(0.1)	(1.0)	–	(0.8)
VAT implementation costs	–	–	–	0.1	–	0.1	0.2	–	0.1
Refinancing costs	–	–	–	–	–	–	4.3	–	3.3
Share of associate non-recurring gains	(0.7)	–	(0.5)	(1.8)	–	(1.4)	(0.6)	–	(0.4)
EPRA – diluted	14.2	140.8	10.1	13.9	129.9	10.7	25.5	132.2	19.3
EPRA – basic	14.2	139.8	10.2	13.9	128.6	10.8	25.5	130.9	19.5

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.

Notes to the Half Year Report (continued)

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 2013	745,605	17,277	21,803	784,685
Additions	536	1,933	–	2,469
Capital Goods Scheme adjustment*	825	–	–	825
Reclassification to surplus land	(1,330)	–	–	(1,330)
Revaluation	18,054	(213)	–	17,841
Depreciation	–	–	(483)	(483)
At 30 September 2013	763,690	18,997	21,320	804,007

Capital commitments at 30 September 2013 were £0.6 million (31 March 2013: no capital commitments).

* The Capital Goods Scheme debtor has been reduced in the period by £0.6 million following the identification of some trapped Capital Goods Scheme recovery. The remainder of the adjustment is due to an increase of £0.2 million in the historic Capital Goods Scheme creditor.

b) Plant, equipment and owner-occupied property

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings and office equipment £000	Total £000
Cost					
At 1 April 2013	1,867	826	25	7,002	9,720
Additions	–	19	–	456	475
At 30 September 2013	1,867	845	25	7,458	10,195
At 1 April 2013	(261)	(609)	(15)	(6,085)	(6,970)
Charge for the period	(17)	(21)	(4)	(220)	(262)
At 30 September 2013	(278)	(630)	(19)	(6,305)	(7,232)
Net book value					
At 30 September 2013	1,589	215	6	1,153	2,963
At 1 April 2013	1,606	217	10	917	2,750

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.

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 accounting.

	30 September 2013 (unaudited) £000	30 September 2012 (unaudited) £000	31 March 2013 (audited) £000
At the beginning of the year	17,681	15,496	15,496
Subscription for partnership capital and advances	–	1,000	1,567
Share of results (see below)	850	1,884	618
	18,531	18,380	17,681

Notes to the Half Year Report (continued)

9. NON-CURRENT ASSETS (CONTINUED)

d) Investment in associate (continued)

The Group's total subscription for partnership capital and advances in Big Yellow Limited Partnership to date is £16,366,000.

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

	Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Big Yellow Limited Partnership			
Income statement (100%)			
Revenue	4,746	4,219	8,289
Cost of sales	(2,427)	(2,441)	(4,845)
Administrative expenses	(59)	(68)	(76)
Operating profit	2,260	1,710	3,368
Gain on the revaluation of investment properties	1,239	4,783	2,462
Net interest payable	(1,620)	(1,308)	(3,111)
Refinancing costs	–	–	(1,497)
Fair value movement of interest rate derivatives	672	468	633
Profit before and after tax	2,551	5,653	1,855
Balance sheet (100%)			
Investment property	110,910	111,010	109,480
Other non-current assets	3,501	3,717	3,598
Current assets	2,593	3,046	3,422
Current liabilities	(2,386)	(61,770)	(2,759)
Derivative financial instruments	(25)	(862)	(697)
Non-current liabilities	(59,000)	–	(60,000)
Net assets (100%)	55,593	55,141	53,044
Group share (33.3%)			
Operating profit	753	570	1,122
Gain on the revaluation of investment properties	413	1,594	821
Net interest payable	(540)	(436)	(1,037)
Refinancing costs	–	–	(499)
Fair value movement of interest rate derivatives	224	156	211
Profit before and after tax	850	1,884	618
Associate net assets	18,531	18,380	17,681

10. SURPLUS LAND

	£000
At 1 April 2013	4,593
Transfer from investment property	1,330
Additions	61
At 30 September 2013	5,984

Notes to the Half Year Report (continued)

11. TRADE AND OTHER RECEIVABLES

	30 September 2013 (unaudited) £000	30 September 2012 (unaudited) £000	31 March 2013 (audited) £000
Current			
Trade receivables	2,695	2,568	2,373
Capital Goods Scheme receivable	2,287	2,845	2,845
Other receivables	310	699	887
Prepayments and accrued income	5,445	5,366	8,345
	10,737	11,478	14,450
Non-current			
Capital Goods Scheme receivable	7,600	7,501	7,501

12. TRADE AND OTHER PAYABLES

	30 September 2013 (unaudited) £000	30 September 2012 (unaudited) £000	31 March 2013 (audited) £000
Current			
Trade payables	4,254	3,948	8,454
Other payables	4,115	5,841	5,447
Accruals and deferred income	11,163	11,182	10,500
VAT repayable under Capital Goods Scheme	193	641	20
	19,725	21,612	24,421
Non-current			
VAT repayable under Capital Goods Scheme	–	32	12

13. BORROWINGS

	30 September 2013 (unaudited) £000	30 September 2012 (unaudited) £000	31 March 2013 (audited) £000
Aviva mortgage	1,985	1,890	1,937
Bank borrowings	–	178,000	–
Unamortised debt arrangement costs	–	(676)	–
Current borrowings	1,985	179,214	1,937
Bank borrowings	133,000	–	140,000
Aviva mortgage	95,364	97,349	96,369
Unamortised debt arrangement costs	(1,349)	(1,432)	(1,421)
Non-current borrowings	227,015	95,917	234,948
Total borrowings	229,000	275,131	236,885

In April 2012 the Group entered into a £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 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 £190 million 4 year bank facility with Lloyds, HSBC and Santander, expiring in September 2016. £140 million of the facility is term loan with the balance of £50 million revolving. Following the placing in January 2013, the Group repaid and cancelled £35 million of this facility, of which £20 million was term loan and £15 million revolving.

Notes to the Half Year Report (continued)

13. BORROWINGS (CONTINUED)

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 £1,800,000 (2012: £2,000).

At 30 September 2013 the Group and the Partnership were in compliance with all of their loan covenants.

14. ADJUSTED NET ASSETS PER SHARE

	30 September 2013 (unaudited) £000	30 September 2012 (unaudited) £000	31 March 2013 (audited) £000
Analysis of net asset value			
Basic net asset value	579,505	517,564	552,628
Exercise of share options	497	389	555
EPRA NNNAV	580,002	517,953	553,183
Adjustments:			
Fair value of derivatives	3,694	6,573	5,494
Fair value of derivatives – share of associate	8	287	232
EPRA NAV	583,704	524,813	558,909
Basic net assets per share (pence)	414.1	399.1	395.5
EPRA NNNAV per share (pence)	407.9	395.4	390.0
EPRA NAV per share (pence)	410.5	400.6	394.1
EPRA NAV (£000)	583,704	524,813	558,909
Valuation methodology assumption (£000) (see note 15)	36,687	35,762	35,621
Adjusted net asset value (£000)	620,391	560,575	594,530
Adjusted net assets per share (pence)	436.3	427.9	419.2
Shares in issue	142,848,202	131,726,812	142,639,647
Own shares held in treasury	(1,418,750)	(1,418,750)	(1,418,750)
Own shares held in EBT	(1,500,000)	(623,331)	(1,500,000)
Basic shares in issue used for calculation	139,929,452	129,684,731	139,720,897
Exercise of share options	2,253,301	1,319,583	2,110,396
Diluted shares used for calculation	142,182,753	131,004,314	141,831,293

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).

Notes to the Half Year Report (continued)

15. VALUATIONS OF INVESTMENT PROPERTY

	Cost £000	Revaluation on cost £000	Valuation £000
Freehold stores*			
At 1 April 2013	372,190	328,315	700,505
Transfer to surplus land	(1,330)	–	(1,330)
Capital Goods Scheme adjustment	825	(825)	–
Movement in period	394	19,071	19,465
At 30 September 2013	372,079	345,561	718,640
Leasehold stores			
At 1 April 2013	15,911	29,189	45,100
Movement in period	143	(193)	(50)
At 30 September 2013	16,054	28,996	45,050
Total of open stores			
At 1 April 2013	388,101	357,504	745,605
Transfer to surplus land	(1,330)	–	(1,330)
Capital Goods Scheme adjustment	825	(825)	–
Movement in period	536	18,879	19,415
At 30 September 2013	388,132	375,558	763,690
Investment property under construction			
At 1 April 2013	23,782	(6,505)	17,277
Movement in period	1,933	(213)	1,720
At 30 September 2013	25,715	(6,718)	18,997
Total			
At 1 April 2013	411,883	350,999	762,882
Transfer to surplus land	(1,330)	–	(1,330)
Capital Goods Scheme adjustment	825	(825)	–
Movement in period	2,469	18,666	21,135
At 30 September 2013	413,847	368,840	782,687

* Includes one long leasehold store

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

The freehold and leasehold investment properties have been valued at 30 September 2013 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.

Notes to the Half Year Report (continued)

15. VALUATIONS OF INVESTMENT PROPERTY (CONTINUED)

Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from low liquidity in the market for self storage property. C&W note that, 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;
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 Euros and the transaction was announced in March 2011. The two joint ventures owned 72 self storage properties; and
4. The purchase of Selstor, Sweden, by Pelican Self Storage/M3 Capital in Q4 2012.

There have been eight single store market transactions in the UK since 2010. 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.

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 2013 averages 81.5% (31 March 2013: 81.5%). 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 26 months (31 March 2013: 32 months); for the 22 lease-up stores, the average period to maturity is 35 months (31 March 2013: 43 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 7.1% (31 March 2013: 6.8%) rising to a stabilised net yield pre-administration expenses of 7.8% (31 March 2013: 8.1%). Also on a no growth and pre-administration expenses basis the 22 lease-up stores have a net initial yield of 5.4% (31 March 2013: 4.9%) rising to 7.8% (31 March 2013: 8.4%) 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 11.0% (31 March 2013: 11.2%).
- 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 15.1 years (31 March 2013: 15.7 years).

Notes to the Half Year Report (continued)

15. VALUATIONS OF INVESTMENT PROPERTY (CONTINUED)

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, one of the Group's stores is relatively immature and has low initial cash flow. C&W have endeavoured to reflect the nature of the cash flow profile for this property 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 individually in the market, unless as part of a distressed sale or similar situation. Although, there is more evidence of immature low cash flow stores being traded as part of a group or portfolio transaction.

Please note C&W's comments in relation to market uncertainty in the self storage sector due to the lack of comparable market transactions and information. The degree of uncertainty relating to the single immature store 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 asset 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 2013 of £817,741,000 (£35,054,000 higher than the value recorded in the financial statements). The valuations in Big Yellow Limited Partnership are £4,900,000 higher than the value recorded in the financial statements, of which the Group's share is £1,633,000. The sum of these is £36,687,000 and translates to 25.8 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 14).

Notes to the Half Year Report (continued)

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.

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 2013 (unaudited) £000	30 September 2012 (unaudited) £000	31 March 2013 (audited) £000
Fees earned from Big Yellow Limited Partnership	309	306	639
Balance due from the Partnership	141	323	526

17. 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 2013. The outlook for the housing market and the economy has improved from that considered in March 2013, and the risk mitigating factors listed in the 2013 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, although sentiment is improving. 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. 2-4% 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 43,000 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. 82% 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.

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 2013 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 17. 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 Conduct 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 2013 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 Conduct Authority.



Deloitte LLP

Chartered Accountants and Statutory Auditor
Reading, United Kingdom

18 November 2013

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