

Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 September 2015

	Note	Six months ended 30 September 2015 (unaudited) £000	Six months ended 30 September 2014 (unaudited) £000	Year ended 31 March 2015 (audited) £000
Revenue	2	50,211	39,918	84,276
Cost of sales		(16,459)	(12,784)	(27,351)
Gross profit		33,752	27,134	56,925
Administrative expenses		(4,721)	(4,246)	(8,505)
Operating profit before gains and losses on property assets		29,031	22,888	48,420
Gain on the revaluation of investment properties	9a	34,794	15,274	64,465
Gains on surplus land		–	1,318	1,318
Operating profit		63,825	39,480	114,203
Share of profit of associates	9d	760	1,314	3,516
Investment income – interest receivable	3	203	207	495
– fair value movement of derivatives	3	482	–	–
Finance costs – interest payable	4	(5,655)	(5,527)	(10,704)
– fair value movement of derivatives	4	–	(205)	(2,274)
Profit before taxation		59,615	35,269	105,236
Taxation	5	(200)	–	351
Profit for the period (attributable to equity shareholders)		59,415	35,269	105,587
Total comprehensive income for the period attributable to equity shareholders		59,415	35,269	105,587
Basic earnings per share	8	38.2p	25.2p	72.5p
Diluted earnings per share	8	38.0p	24.9p	71.9p

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 2015

	Note	30 September 2015 (unaudited) £000	30 September 2014 (unaudited) £000	31 March 2015 (audited) £000
Non-current assets				
Investment property	9a	1,052,510	809,125	1,007,110
Investment property under construction	9a	13,670	11,439	15,681
Interest in leasehold properties	9a	20,426	23,470	20,829
Plant, equipment and owner-occupied property	9b	3,366	2,939	3,050
Goodwill	9c	1,433	1,433	1,433
Investment in associates	9d	6,243	21,095	5,572
Capital Goods Scheme receivable	11	6,421	7,792	9,039
		1,104,069	877,293	1,062,714
Current assets				
Surplus land	10	3,341	4,762	3,315
Inventories		285	314	304
Trade and other receivables	11	13,512	11,957	16,379
Cash and cash equivalents		4,603	8,118	8,194
		21,741	25,151	28,192
Total assets		1,125,810	902,444	1,090,906
Current liabilities				
Trade and other payables	12	(29,866)	(23,370)	(32,612)
Obligations under finance leases		(1,739)	(1,940)	(1,705)
Borrowings	13	(2,189)	(72,085)	(72,136)
		(33,794)	(97,395)	(106,453)
Non-current liabilities				
Derivative financial instruments		(3,197)	(1,610)	(3,679)
Borrowings	13	(275,650)	(162,790)	(210,736)
Obligations under finance leases		(18,687)	(21,530)	(19,124)
		(297,534)	(185,930)	(233,539)
Total liabilities		(331,328)	(283,325)	(339,992)
Net assets		794,482	619,119	750,914
Equity				
Called up share capital		15,729	14,353	15,806
Share premium account		45,222	44,940	44,922
Reserves		733,531	559,826	690,186
Equity shareholders' funds		794,482	619,119	750,914

Consolidated Statement of Changes in Equity

Six months ended 30 September 2015 (unaudited)

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2015	15,806	44,922	74,950	1,653	619,206	(5,623)	750,914
Total comprehensive income for the period	–	–	–	–	59,415	–	59,415
Issue of share capital	65	300	–	–	–	–	365
Cancellation of treasury shares	(142)	–	–	142	(3,727)	3,727	–
Credit to equity for equity-settled share based payments	–	–	–	–	1,329	–	1,329
Dividends	–	–	–	–	(17,541)	–	(17,541)
At 30 September 2015	15,729	45,222	74,950	1,795	658,682	(1,896)	794,482

Six months ended 30 September 2014 (unaudited)

	Share capital £000	Share premium account £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2014		14,306	44,278	1,653	539,450	(5,623)	594,064
Total comprehensive income for the period		–	–	–	35,269	–	35,269
Issue of share capital		47	662	–	–	–	709
Credit to equity for equity-settled share based payments		–	–	–	851	–	851
Dividends		–	–	–	(11,774)	–	(11,774)
At 30 September 2014		14,353	44,940	1,653	563,796	(5,623)	619,119

Year ended 31 March 2015 (audited)

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2014	14,306	44,278	–	1,653	539,450	(5,623)	594,064
Total comprehensive income for the year	–	–	–	–	105,587	–	105,587
Issue of share capital	1,500	644	74,950	–	–	–	77,094
Dividends	–	–	–	–	(27,890)	–	(27,890)
Credit to equity for equity-settled share based payments	–	–	–	–	2,059	–	2,059
At 31 March 2015	15,806	44,922	74,950	1,653	619,206	(5,623)	750,914

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

Condensed Consolidated Cash Flow Statement

Six months ended 30 September 2015

	Note	Six months ended 30 September 2015 (unaudited) £000	Six months ended 30 September 2014 (unaudited) £000	Year ended 31 March 2015 (audited) £000
Operating profit		63,825	39,480	114,203
Gain on the revaluation of investment properties		(34,794)	(15,274)	(64,465)
Gains on surplus land		–	(1,318)	(1,318)
Depreciation		319	266	566
Depreciation of finance lease obligations	9a	473	473	918
Employee share options		1,329	851	2,059
Decrease/(increase) in inventories		19	(24)	(14)
Decrease/(increase) in receivables		3,258	2,236	(1,172)
(Decrease)/increase in payables		(3,840)	(3,819)	1,098
Cash generated from operations		30,589	22,871	51,875
Interest paid		(4,903)	(5,065)	(9,692)
Interest received		9	6	27
Tax credit received		–	–	187
Cash flows from operating activities		25,695	17,812	42,397
Investing activities				
Sale of surplus land		–	2,815	2,815
Purchase of non-current assets		(7,645)	(6,268)	(42,555)
Additions to surplus land		(26)	(200)	(231)
Receipt from Capital Goods Scheme		–	–	3,557
Acquisition of Big Yellow Limited Partnership (net of cash acquired)		–	–	(37,406)
Acquisition of Big Storage Limited		–	–	(15,114)
Disposal of Big Storage Limited		–	–	7,614
Net investment in associates	9d	–	(1,920)	(3,709)
Dividend received from associate	9d	89	–	89
Cash flows from investing activities		(7,582)	(5,573)	(84,940)
Financing activities				
Issue of share capital		365	709	77,094
Payment of finance lease liabilities		(473)	(473)	(918)
Equity dividends paid		(17,541)	(11,774)	(27,890)
Payments to cancel interest rate derivatives		–	(1,408)	(1,408)
Refinancing fees		–	(2,472)	(2,649)
Repayment of Big Yellow Limited Partnership loan		–	–	(57,000)
Repayment of Big Storage AIB loan		–	–	(9,659)
Drawing of Big Storage Lloyds loan		–	–	13,900
Repayment of Lloyds bridging loan		(70,000)	–	–
Drawing of M&G loan		70,000	–	–
(Decrease)/increase in borrowings		(4,055)	7,996	55,966
Cash flows from financing activities		(21,704)	(7,422)	47,436
Net (decrease)/increase in cash and cash equivalents	A	(3,591)	4,817	4,893
Opening cash and cash equivalents		8,194	3,301	3,301
Closing cash and cash equivalents		4,603	8,118	8,194

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

Six months ended 30 September 2015

	Six months ended 30 September 2015 (unaudited) £000	Six months ended 30 September 2014 (unaudited) £000	Year ended 31 March 2015 (audited) £000
Net (decrease)/increase in cash and cash equivalents	(3,591)	4,817	4,893
Cash flow from movement in debt financing	4,055	(7,996)	(55,966)
Change in net debt resulting from cash flows	464	(3,179)	(51,073)
Movement in net debt in the period	464	(3,179)	(51,073)
Net debt at start of period	(277,140)	(226,067)	(226,067)
Net debt at end of period	(276,676)	(229,246)	(277,140)

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

Notes to the Half Year Report

1. ACCOUNTING POLICIES

Basis of preparation

The results for the period ended 30 September 2015 are unaudited and were approved by the Board on 16 November 2015. The financial information contained in this report in respect of the year ended 31 March 2015 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

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

Valuation of assets and liabilities held at fair value

For those financial instruments held at valuation, the Group has categorised them into a three level fair value hierarchy based on the priority of the inputs to the valuation technique in accordance with IFRS 13. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. The fair value of the Group's outstanding interest rate derivatives has been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 13. Investment Property and Investment Property 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 2015.

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 2015 (unaudited) £000	Six months ended 30 September 2014 (unaudited) £000	Year ended 31 March 2015 (audited) £000
Open stores			
Self storage income	41,965	33,236	70,631
Other storage related income	7,374	5,747	11,849
Ancillary store rental income	141	140	251
	49,480	39,123	82,731
Other revenue			
Non-storage income	325	49	268
Fees earned from Big Yellow Limited Partnership	–	343	458
Other management fees earned	406	403	819
	50,211	39,918	84,276
Revenue per income statement			
Investment income (see note 3)	9	6	27
	50,220	39,924	84,303

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

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

The seasonality of the business is discussed in note 18.

3. INVESTMENT INCOME

	Six months ended 30 September 2015 (unaudited) £000	Six months ended 30 September 2014 (unaudited) £000	Year ended 31 March 2015 (audited) £000
Bank interest receivable	9	6	27
Unwinding of discount on Capital Goods Scheme receivable	194	201	468
	203	207	495
Total interest receivable			
Fair value movement on derivatives	482	–	–
	685	207	495
Total investment income			

Notes to the Half Year Report (continued)

4. FINANCE COSTS

	Six months ended 30 September 2015 (unaudited) £000	Six months ended 30 September 2014 (unaudited) £000	Year ended 31 March 2015 (audited) £000
Interest on bank borrowings	5,449	5,184	10,080
Capitalised interest	(258)	(190)	(399)
Interest on finance lease obligations	464	533	1,023
Total interest payable	5,655	5,527	10,704
Change in fair value of interest rate derivatives	–	205	2,274
Total finance costs	5,655	5,732	12,978

5. TAXATION

The Group converted to a REIT in January 2007. As a result the Group does not pay UK corporation tax on the profits and gains from its qualifying rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains of the Group are subject to corporation tax as normal. The Group monitors its compliance with the REIT conditions. There have been no breaches of the conditions to date.

	Six months ended 30 September 2015 (unaudited) £000	Six months ended 30 September 2014 (unaudited) £000	Year ended 31 March 2015 (audited) £000
Current tax:			
– Current year	200	–	90
– Prior year	–	–	(254)
– Conversion charge refund	–	–	(187)
	200	–	(351)

6. ADJUSTED PROFIT BEFORE TAX

	Six months ended 30 September 2015 (unaudited) £000	Six months ended 30 September 2014 (unaudited) £000	Year ended 31 March 2015 (audited) £000
Profit before tax	59,615	35,269	105,236
Gain on revaluation of investment properties – Group	(34,794)	(15,274)	(64,465)
Share of gain on revaluation of investment properties – associates (net of deferred tax)	(450)	(541)	(2,731)
Change in fair value of interest rate swaps – Group	(482)	205	2,274
Share of change in fair value of interest rate swaps – associates	(5)	18	124
Gains on surplus land	–	(1,318)	(1,318)
Share of non-recurring losses in associates	–	–	285
Adjusted profit before tax	23,884	18,359	39,405
Net bank and other interest	5,182	4,988	9,654
Depreciation (see note 9b)	319	266	566
Adjusted EBITDA	29,385	23,613	49,625

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 2015 (unaudited) £000	Six months ended 30 September 2014 (unaudited) £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2015 of 11.3p (2014: 8.4p) per share	17,541	11,774
Proposed interim dividend for the year ending 31 March 2016 of 12.1p (2015: 10.4p) per share	18,850	16,116

The proposed interim dividend of 12.1 pence per ordinary share will be paid to shareholders on 7 January 2016. The ex-div date is 10 December 2015 and the record date is 11 December 2015. 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 2015 (unaudited)			Six months ended 30 September 2014 (unaudited)			Year ended 31 March 2015 (audited)		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	59.4	155.4	38.2	35.3	140.3	25.2	105.6	145.7	72.5
Dilutive share options	–	1.1	(0.2)	–	1.3	(0.3)	–	1.2	(0.6)
Diluted	59.4	156.5	38.0	35.3	141.6	24.9	105.6	146.9	71.9
<i>Adjustments:</i>									
Gain on revaluation of investment properties	(34.8)	–	(22.3)	(15.3)	–	(10.8)	(64.5)	–	(43.9)
Change in fair value of interest rate derivatives	(0.5)	–	(0.3)	0.2	–	0.1	2.3	–	1.6
Gains on surplus land	–	–	–	(1.3)	–	(0.9)	(1.3)	–	(0.9)
Share of associates' non-recurring gains	(0.4)	–	(0.3)	(0.5)	–	(0.3)	(2.3)	–	(1.6)
EPRA – diluted	23.7	156.5	15.1	18.4	141.6	13.0	39.8	146.9	27.1
EPRA – basic	23.7	155.4	15.3	18.4	140.3	13.1	39.8	145.7	27.3

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

EPRA earnings per ordinary share before the revaluation of investment properties, gains and losses on surplus land, the change in fair value of interest rate derivatives, one-off items of expenditure, and the Group's share of its associates' 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 2015	1,007,110	15,681	20,829	1,043,620
Additions	1,526	7,069	–	8,595
Adjustment to present value	–	–	70	70
Reclassification	9,490	(9,490)	–	–
Revaluation	34,384	410	–	34,794
Depreciation	–	–	(473)	(473)
At 30 September 2015	1,052,510	13,670	20,426	1,086,606

Capital commitments at 30 September 2015 were £2.9 million [31 March 2015: £4.4 million].

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 2015	1,885	544	25	1,469	3,923
Additions	304	49	–	282	635
Retirement of fully depreciated assets	–	(18)	–	(33)	(51)
At 30 September 2015	2,189	575	25	1,718	4,507
Accumulated depreciation					
At 1 April 2015	(328)	(219)	(25)	(301)	(873)
Charge for the period	(18)	(37)	–	(264)	(319)
Retirement of fully depreciated assets	–	18	–	33	51
At 30 September 2015	(346)	(238)	(25)	(532)	(1,141)
Net book value					
At 30 September 2015	1,843	337	–	1,186	3,366
At 31 March 2015	1,557	325	–	1,168	3,050

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.

Notes to the Half Year Report (continued)

9. NON-CURRENT ASSETS (CONTINUED)

d) Investment in associates

Big Yellow Limited Partnership

At the start of the prior year the Group had a 33.3% interest in Big Yellow Limited Partnership. This interest was accounted for as an associate, using equity accounting. On 1 December 2014, the Group acquired the remaining 66.7% of the Partnership interest that it did not previously own. From this date, the Partnership is accounted for as a wholly owned subsidiary of the Group. The results up to this date are shown in the note below:

	30 September 2015 £000	30 September 2014 £000	31 March 2015 £000
At the beginning of the period	–	17,861	17,861
Share of results	–	836	1,564
Acquisition of remaining interest	–	–	(19,425)
At the end of the period	–	18,697	–

Armadillo Partnerships

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

	Armadillo 1			Armadillo 2		
	30 September 2015 (unaudited) £000	30 September 2014 (unaudited) £000	31 March 2015 (audited) £000	30 September 2015 (unaudited) £000	30 September 2014 (unaudited) £000	31 March 2015 (audited) £000
At the beginning of the period	3,638	–	–	1,934	–	–
Subscription for partnership capital and advances	–	3,648	3,648	–	–	1,789
Part disposal of partnership interest	–	(1,728)	(1,728)	–	–	–
Share of results (see below)	240	478	1,807	520	–	145
Dividends	(89)	–	(89)	–	–	–
At the end of the period	3,789	2,398	3,638	2,454	–	1,934

The Group's total subscription for partnership capital and advances in Armadillo Storage Holding Company Limited is £1,920,000 and £1,789,000 in Armadillo Storage Holding Company 2 Limited.

Notes to the Half Year Report (continued)

9. NON-CURRENT ASSETS (CONTINUED)

d) Investment in associates (continued)

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

	Armadillo 1			Armadillo 2		
	Six months ended 30 September 2015 (unaudited) £000	Six months ended 30 September 2014 (unaudited) £000	Year ended 31 March 2015 (audited) £000	Six months ended 30 September 2015 (unaudited) £000	Six months ended 30 September 2014 (unaudited) £000	Year ended 31 March 2015 (audited) £000
Income statement (100%)						
Revenue	2,427	2,076	4,321	2,045	–	627
Cost of sales	(1,222)	(1,087)	(2,258)	(941)	–	(335)
Administrative expenses	(78)	(49)	(100)	(106)	–	(75)
Operating profit	1,127	940	1,963	998	–	217
Gain on the revaluation of investment properties	385	1,762	10,078	2,430	–	1,449
Net interest payable	(259)	(245)	(504)	(275)	–	(73)
Acquisition costs written off	–	–	(467)	–	–	(540)
Fair value movement of interest rate derivatives	22	(55)	(197)	4	–	(35)
Current and deferred tax	(77)	–	(1,833)	(558)	–	(290)
Profit attributable to shareholders	1,198	2,402	9,040	2,599	–	728
Dividends paid	(447)	–	(447)	–	–	–
Retained profit	751	2,402	8,593	2,599	–	728
Balance sheet (100%)						
Investment property	30,752	21,521	30,125	25,848	–	23,175
Other non-current assets	1,014	902	1,005	1,491	–	1,465
Current assets	1,057	652	1,132	1,089	–	1,256
Current liabilities	(1,533)	(1,239)	(2,151)	(1,574)	–	(1,406)
Derivative financial instruments	(175)	(55)	(197)	(31)	–	(35)
Non-current liabilities	(12,171)	(9,791)	(11,721)	(14,554)	–	(14,785)
Net assets (100%)	18,944	11,990	18,193	12,269	–	9,670
Group share (20%)						
Operating profit	225	266	471	200	–	43
Gain on the revaluation of investment properties	77	294	2,042	486	–	290
Net interest payable	(51)	(71)	(123)	(55)	–	(15)
Acquisition costs written off	–	–	(177)	–	–	(108)
Fair value movement of interest rate derivatives	4	(11)	(39)	1	–	(7)
Current and deferred tax	(15)	–	(367)	(112)	–	(58)
Profit attributable to shareholders	240	478	1,807	520	–	145
Dividends paid	(89)	–	(89)	–	–	–
Retained profit	151	478	1,718	520	–	145
Associates' net assets	3,789	2,398	3,638	2,454	–	1,934

The investment property is carried at Directors' valuation.

On 8 October 2015, Armadillo 1 declared an interim dividend of £469,350 and Armadillo 2 declared an interim dividend of £434,000.

Notes to the Half Year Report (continued)

10. SURPLUS LAND

	£000
At 1 April 2015	3,315
Additions	26
At 30 September 2015	3,341

11. TRADE AND OTHER RECEIVABLES

	30 September 2015 (unaudited) £000	30 September 2014 (unaudited) £000	31 March 2015 (audited) £000
Current			
Trade receivables	3,848	2,817	3,062
Capital Goods Scheme receivable	2,996	1,373	184
Other receivables	68	980	371
Prepayments and accrued income	6,600	6,787	12,762
	13,512	11,957	16,379
Non-current			
Capital Goods Scheme receivable	6,421	7,792	9,039

12. TRADE AND OTHER PAYABLES

	30 September 2015 (unaudited) £000	30 September 2014 (unaudited) £000	31 March 2015 (audited) £000
Current			
Trade payables	7,536	5,879	11,653
Other payables	8,110	5,869	7,286
Accruals and deferred income	14,187	11,541	13,640
VAT repayable under Capital Goods Scheme	33	81	33
	29,866	23,370	32,612

Notes to the Half Year Report (continued)

13. BORROWINGS

	30 September 2015 (unaudited) £000	30 September 2014 (unaudited) £000	31 March 2015 (audited) £000
Aviva mortgage	2,189	2,085	2,136
Bank borrowings	–	70,000	70,000
Current borrowings	2,189	72,085	72,136
Aviva mortgage	91,090	93,279	92,198
M&G mortgage	70,000	–	–
Bank borrowings	118,000	72,000	121,000
Unamortised debt arrangement costs	(3,440)	(2,489)	(2,462)
Non-current borrowings	275,650	162,790	210,736
Total borrowings	277,839	234,875	282,872

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 £482,000 (2014: loss of £205,000).

At 30 September 2015 the Group and the Armadillo Partnerships were in compliance with all loan covenants.

14. ADJUSTED NET ASSETS PER SHARE

	30 September 2015 (unaudited) £000	30 September 2014 (unaudited) £000	31 March 2015 (audited) £000
Basic net asset value	794,482	619,119	750,914
Exercise of share options	718	452	452
EPRA NNNAV	795,200	619,571	751,366
Adjustments:			
Fair value of derivatives	3,197	1,610	3,679
Fair value of derivatives – share of associates	41	(8)	46
Share of deferred tax in associates	538	–	425
EPRA NAV	798,976	621,173	755,516
Basic net assets per share (pence)	510.0	440.3	484.0
EPRA NNNAV per share (pence)	503.5	434.2	478.5
EPRA NAV per share (pence)	505.9	435.3	481.1
EPRA NAV (£000)	798,976	621,173	755,516
Valuation methodology assumption (£000) (see note 15)	48,028	37,934	45,927
Adjusted net asset value (£000)	847,004	659,107	801,443
Adjusted net assets per share (pence)	536.4	461.9	510.4

Notes to the Half Year Report (continued)

14. ADJUSTED NET ASSETS PER SHARE (CONTINUED)

	No. of shares	No. of shares	No. of shares
Shares in issue	157,287,061	143,527,126	158,055,735
Own shares held in treasury	–	(1,418,750)	(1,418,750)
Own shares held in EBT	(1,500,000)	(1,500,000)	(1,500,000)
Basic shares in issue used for calculation	155,787,061	140,608,376	155,136,985
Exercise of share options	2,132,912	2,092,269	1,896,437
Diluted shares used for calculation	157,919,973	142,700,645	157,033,422

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

Adjusted net assets per share include:

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

15. VALUATIONS OF INVESTMENT PROPERTY

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

The freehold and leasehold investment properties have been valued at 30 September 2015 by the Directors. The valuation has been carried out in accordance with the same methodology as the year end valuations prepared by Cushman & Wakefield LLP. Please see the accounts for the year ended 31 March 2015 for details of this methodology.

The Directors' valuations reflect the latest cash flows derived from each of the stores at the end of September. In performing the valuation, the Directors consider that the core assumptions underpinning the valuations including the stabilised occupancy assumptions used, rental growth, and discount rates used by C&W in the March 2015 valuations, are still appropriate at the September valuation date. In addition, following consultation with C&W, the Directors assessed that self storage cap rates have moved in by 5 bps since March, and this has been reflected in the valuations.

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 costs and an allowance for central administration costs. Sale in a corporate structure would result in a reduction in the assumed Stamp Duty Land Tax but an increase in other transaction costs, reflecting additional due diligence, resulting in a reduced notional purchaser's cost of 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. The Directors have therefore carried out a valuation on the above basis, and this results in a higher property valuation at 30 September 2015 of £1,113.7 million (£47.5 million higher than the value recorded in the financial statements). The valuations in the Armadillo Partnerships are £2.4 million higher than the value recorded in the financial statements, of which the Group's share is £0.5 million. The sum of these is £48.0 million and translates to 30.5 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. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES

The table below sets out the categorisation of the financial instruments held by the Group at 30 September 2015. Where the financial instruments are held at fair value the valuation level indicates the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuations categorised as Level 2 are obtained from third parties. If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety.

	Valuation level	30 September 2015 (unaudited) £000
Interest rate derivatives	2	(3,197)

17. RELATED PARTY TRANSACTIONS

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

AnyJunk Limited

James Gibson is a Non-Executive Director and shareholder in AnyJunk Limited, and Adrian Lee is a shareholder in AnyJunk Limited. During the period AnyJunk Limited provided waste disposal services to the Group on normal commercial terms amounting to £13,000.

Transactions with Big Yellow Limited Partnership

As described in note 9d, the Group had a 33.3% interest in Big Yellow Limited Partnership until 1 December 2014, and entered into transactions with the Partnership during the prior period on normal commercial terms as shown in the table below.

Transactions with Armadillo Storage Holding Company Limited

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

Transactions with Armadillo Storage Holding Company 2 Limited

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

	30 September 2015 (unaudited) £000	30 September 2014 (unaudited) £000	31 March 2015 (audited) £000
Fees earned from Big Yellow Limited Partnership	–	343	458
Fees earned from Armadillo 1	208	336	560
Fees earned from Armadillo 2	152	–	208
Balance due from Big Yellow Limited Partnership	–	737	–
Balance due from Armadillo 1	138	200	287
Balance due from Armadillo 2	24	–	71

Notes to the Half Year Report (continued)

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 2015. The outlook for the housing market and the economy is broadly in line with March 2015, and the risk mitigating factors listed in the 2015 Annual Report are still appropriate.

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

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

There is a risk that our customers may default on their rent payments, however we have not seen an increase in bad debts over the past few years. We have 51,000 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.

19. POST BALANCE SHEET EVENTS

On 13 October 2015 the Group extended the expiry of its bank facilities to October 2020 with an option to extend for a further year.

On 4 November 2015 the Group acquired the freehold of a development site in Kings Cross.

On 10 November 2015 the Group exchanged contracts to acquire the freehold of a development site in Camberwell.

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 2015 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 19. 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 2015 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

16 November 2015