Big Yellow Group PLC

Half Year Report 2015

Why ?

Big Yellow

Because we are about more than just storage.

think... people
service
security
locations
facilities
innovation
growth

THE BIG YELLOW SELF STORAGE COMPANY

Get some space in your life.™

Highlights / Strong Organic Growth & Further Investment in New Capacity

Financial metrics	**Six months ended 30 September 2015**	Six months ended 30 September 2014	%
Revenue	**£50.2 million**	£39.9 million	26
Like-for-like Revenue (1)	**£43.2 million**	£39.6 million	9
Adjusted profit before tax (2)	**£23.9 million**	£18.4 million	30
Adjusted EPRA diluted earnings per share (3)	**15.1 pence**	13.0 pence	16
Interim dividend per share	**12.1 pence**	10.4 pence	16
Cash flow from operating activities (after finance costs)	**£25.7 million**	£17.8 million	44
Store metrics			
Occupancy growth – all stores (sq ft) (4)	**200,000**	288,000	(31)
Occupancy – like-for-like stores (5)	**77.3%**	73.5%	5
Like-for-like closing net rent per sq ft (5)	**£25.79**	£24.91	4
Statutory metrics			
Profit before tax	**£59.6 million**	£35.3 million	69
Basic earnings per share	**38.2 pence**	25.2 pence	52

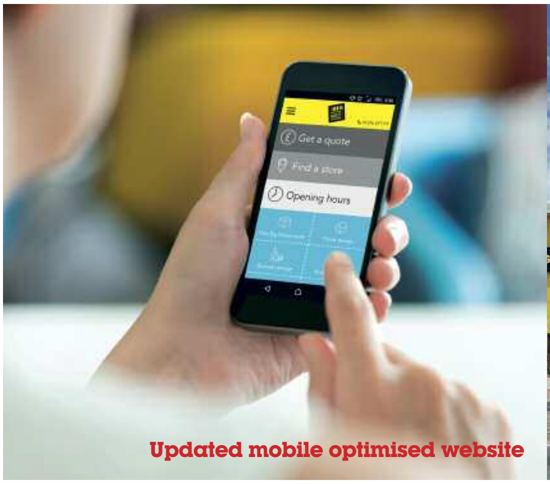
[1] Like-for-like revenue excludes the 12 Partnership stores (acquired December 2014), Oxford 2 (acquired July 2014), Chester (acquired January 2015) and Enfield (opened April 2015), and management fees earned from the Partnership in the prior period.; [2] see note 6; [3] see note 8; [4] see Portfolio Summary; [5] Like-for-like occupancy and net rent excludes Enfield and Chester

Contents

First Half Highlights

- Good first half with increased occupancy and net rent per square foot
- Strong revenue performance driving earnings and dividend growth
- Adjusted profit before tax up 30% to £23.9 million
- Cash flow from operating activities (after finance costs) increased by 44% to £25.7 million
- 16% increase in interim dividend to 12.1 pence per share
- Refinancing of bank loan reducing the Group's average cost of debt and extending the average maturity of facilities
- Further investment in new space
  - Enfield store on A10 in West London opened in April 2015 and early trading has been encouraging
  - Acquisition of landmark site in Kings Cross on York Way
  - Acquisition of prime site in Camberwell

We believe Big Yellow is well placed to benefit from growing awareness and improving self storage demand given our market leading brand and operating platform with a focus on London, the South East and large metropolitan cities where barriers to entry are at their highest.



Updated mobile optimised website

Gypsy Corner

As the Big Yellow portfolio is approaching 80%, we remain relentlessly focussed on occupancy gain at this stage, but in addition we have intensified our efforts to develop new capacity.

Growth / Of Revenue and Earnings

Big Yellow Group PLC, the UK's brand leader in self storage, is pleased to announce its results for the six months ended 30 September 2015.

In this seasonally stronger trading period like-for-like closing Group occupancy is up 4.1 percentage points to 77.3% compared to 73.2% at 31 March 2015. Occupancy growth over the six month period was 200,000 sq ft (2014: 288,000 sq ft). The growth of 4.1 percentage points is at the top end of the guidance given in May.

The growth in the closing net rent per sq ft on a like-for-like basis was 3.5% compared to 30 September last year. The like-for-like revenue growth in the Group was 9% compared to the same period last year, this excludes the 12 Partnership stores, existing store acquisitions made last year and new store openings in 2015. Given that our central overhead and operating expense is largely embedded in the business, this revenue growth has dropped through into a 16% increase in adjusted earnings per share and in the interim dividend.

We believe Big Yellow is well placed to benefit from growing awareness and improving self storage demand given our market leading brand and operating platform with a focus on London, the South East and large metropolitan cities where barriers to entry are at their highest.

Financial results

Revenue for the period was £50.2 million (2014: £39.9 million), an increase of 26%, which includes the new and acquired stores. Cash inflows from operating activities (after finance costs) increased by £7.9 million (44%) to £25.7 million for the year (2014: £17.8 million).

The Group made an adjusted profit before tax in the period of £23.9 million, up 30% from £18.4 million for the same period last year (see note 6). Diluted EPRA earnings per share were 15.1 pence (2014: 13.0 pence), an increase of 16%. The Group's statutory profit before tax for the period was £59.6 million, an increase of 69% from £35.3 million for the same period last year. The growth in profit benefited from a higher revaluation gain in the period.

The Group has net bank debt of £276.7 million at 30 September 2015 (31 March 2015: £277.1 million). This represents approximately 26% (31 March 2015: 27%) of the Group's gross property assets totalling £1,069.5 million (31 March 2015: £1,022.8 million) and 33% (31 March 2015: 35%) of the adjusted net assets of £847.0 million (31 March 2015: £801.4 million).

The Group's income cover for the period (expressed as the ratio of cash generated from operations against interest paid) was 6.2 times (2014: 4.5 times).

Investment in new capacity

Given the competition for land in central London we are very pleased to have acquired two prime sites at Kings Cross and Camberwell. Kings Cross is a one acre site on which we intend to develop a new build store of 85,000 to 90,000 sq ft, subject to planning. Camberwell is in Zone 2 to the south of London Bridge, and we intend to develop a new build store of 55,000 to 60,000 sq ft, subject to planning.

These sites, together with Enfield, (which opened in April 2015), Cambridge (opening in January 2016), Guildford Central (opening in April 2017), extensions at our existing Battersea and Wandsworth stores, and development sites in Newcastle and Manchester (the last four all subject to planning) will provide in total approximately 500,000 to 520,000 sq ft of additional capacity.

At 30 September, the future cost of the current pipeline of eight development sites and extensions, six of which are subject to planning, is provisionally estimated to be approximately £81 million. This excludes any net proceeds that may be received on the redevelopment of our Battersea store and adjoining retail units into a mixed use scheme of residential, retail and self storage.

These acquisitions are being funded through our bank facilities. There is interim rental income on the sites while we pursue planning which will in part mitigate the increased interest cost. We do expect our interest cover to come down slightly, but on a proforma basis, based on today's average cost of debt, it will remain greater than 5.5 times for the current year and certainly comfortably ahead of our stated minimum interest cover level of 5 times.

Demand from business and domestic customers in our big cities is likely to outstrip the available supply of self storage.

Dividends

The Group's dividend policy is to distribute 80% of adjusted earnings per share. The interim dividend declared is 12.1 pence per share. This has all been declared as Property Income Dividend ("PID"). The interim dividend declared represents an increase of 16% from 10.4 pence per share for the same period last year.

Outlook

As we have stated previously, we make no attempt to judge economic or asset cycles. We believe Big Yellow is well placed to withstand future headwinds, given the security of our capital structure and market leading brand. As the Big Yellow portfolio is approaching 80%, we remain relentlessly focussed on occupancy gain at this stage, but in addition we have intensified our efforts to develop new capacity.

Our principal capital allocation and property strategy has always been to target London and the South East where there is population growth, scarcity of available development land, increasing pressure for housing, and densification. This results in a compelling investment proposition, particularly in London and the South East, which represents 80% of our business by revenue. In the longer term, as awareness grows and these factors intensify, demand from business and domestic customers in our big cities is likely to outstrip the available supply of self storage.

Big Yellow is well positioned to enjoy both the benefits of scarcity and exploit any new opportunities.

Nicholas Vetch
Executive Chairman

16 November 2015


Chiswick


Modern and brightly lit storage rooms

Our core proposition remains a high quality product, **competitively priced, with excellent customer service, providing value for money to our customers.**

Delivering results

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.

Trading performance

This has been a solid six months of trading, and is consistent with our expectations and guidance for the current year. Demand levels, as represented by customer move ins over the six months, have been in line with last year's strong performance, against a backdrop of slightly weaker economic growth.

Broader awareness of self storage continues to grow as a result of wider use of the product and the marketing spend from Big Yellow and the industry as a whole. We expect to continue to see this growth in awareness incrementally improve demand for self storage. We are confident that Big Yellow benefits disproportionately from this improving market for our product due to our market leading brand and operating platform with our focus on London, the South East and large metropolitan cities.

Competitor store openings remain constrained, particularly in London and our other core areas of operation. In the market as a whole new capacity is increasing at around 1% per annum, and in London this year, whilst there have been three store openings, we are aware of a similar amount of capacity being taken out of the market following lease expiries or sale of stores for alternative uses.

Store occupancy

The level of enquiries across all our stores increased by 4% compared to the same six months last year. With conversion rates remaining strong and higher occupancy in our stores, we were able to achieve total move-ins in line with the same period last year at a higher yield.

Store move-ins	2015	2014	%	Net move-ins	Net sq ft
April	5,229	4,961	5%	52	(18,000)
May	6,514	6,500	0%	1,238	46,000
June	8,298	8,466	(2%)	3,156	118,000
July	7,532	7,309	3%	1,009	60,000
August	7,413	7,682	(4%)	428	29,000
September	6,760	6,812	(1%)	(2,630)	(35,000)
Total	41,746	41,730	0%	3,253	200,000
October	6,258	6,119	2%	(754)	(24,000)

Business and Financial Review (continued)

The fall in occupancy in April was due to the loss of a short term national account customer occupying 25,000 sq ft, who moved out in April after storing with us for five months. Occupied space increased by 200,000 sq ft across all stores in the period (2014: occupancy growth of 288,000 sq ft).

Of the customers moving into our stores in the period, surveys undertaken indicate approximately 45% are linked to the housing market; either customers renting storage space whilst moving within the rental sector or the owner occupied sector. During the period 10% of our customers who moved in took storage space as a spare room for decluttering and approximately 35% of our customers used the product because some event has occurred in their lives generating the need for storage; they may be moving abroad for a job, have inherited possessions, are getting married or divorced, are students who need storage during the holidays, or homeowners developing into their lofts or basements. The balance of 10% of our customer demand during the period came from businesses.

We saw growth from domestic, student and business customers during the six month period, with the overall split by occupied space being 66% domestic and 34% business at 30 September 2015. These demand metrics are broadly unchanged from the same period last year.

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. Since the end of September we have lost 38,000 sq ft (0.9% of maximum lettable area "MLA"), compared to 51,000 sq ft (1.2% of MLA) lost at this stage last year (excluding a one-off short term 25,000 sq ft national account customer that moved in during November 2014). The move outs have been in line with our expectations following the strong summer trading.

	Occupancy at 30 September 2015 %	Occupancy change from March 2015 000 sq ft	30 September 2015 000 sq ft	31 March 2015 000 sq ft	30 September 2014 000 sq ft
56 mature stores	**78.3%**	**148**	**2,737**	2,589	2,568
11 established stores	**73.9%**	**18**	**520**	502	498
3 developing stores	**59.0%**	**34**	**121**	87	78
Total – all 70 stores	**76.7%**	**200**	**3,378**	3,178	3,144

The 56 mature stores are 78.3% occupied compared to 75.0% at the same time last year. The 11 established stores have grown in occupancy from 70.7% to 73.9%. The 3 developing stores added 34,000 sq ft of occupancy in the period to reach closing occupancy of 59.0%. Overall store occupancy has increased in the period from 73.2% to 76.7%. Excluding Enfield which opened on 1 April 2015 and Chester which was acquired in January 2015, like-for-like closing occupancy was 77.3%, representing growth of 4.1 percentage points from 1 April.

All 70 stores open at the period end are trading profitably at the EBITDA level, including Enfield which made a positive monthly EBITDA within six months of the store opening.

Pricing and rental yield

Our core proposition remains a high quality product, competitively priced, with excellent customer service, providing value for money to our customers. We offer a headline opening promotion of 50% off for up to the first 8 weeks, and we continue to manage pricing dynamically, taking account of customer demand and local competition.

The like-for-like closing net achieved rent per sq ft at 30 September 2015 was £25.79, up 3.5% compared to 30 September last year. Over the six months to 30 September 2015, net rent in the like-for-like stores grew by 1.7%.

Friendly and helpful staff on site 7 days a week

Individually alarmed rooms

As our portfolio is now at a higher level of occupancy, our pricing model is increasingly reducing promotions and increasing asking prices where individual units are in scarce supply. This lowering of promotions, coupled with price increases to existing and new customers, leads to an increase in net achieved rents. The table below illustrates this, showing the growth in net rent per sq ft for the portfolio over the period (the table below excludes Enfield which opened in April 2015).

Average occupancy in the six months	Number of stores	Net rent per sq ft growth over the six months to 30 September 2015
0 to 60%	4	(1.1%)
60 to 70%	15	1.6%
70 to 80%	27	1.1%
Above 80%	23	2.7%

The rental growth for the stores with an average occupancy above 80% equates to 5.4% on an annualised basis.

Security of income

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 our contract with our customers is in theory as short as a week, we do not need to rely on contracts for our income security. At 30 September 2015 the average length of stay for existing customers was 21 months. For all customers, including those who have moved out of the business, the average length of stay has remained at 8 months. In our portfolio, 28% of our customers by occupied space have been storing with us for over two years, and a further 17% of customers have been in the business for between one and two years.

The location of our stores, brand, security, and most importantly customer service, together with the diversity of our 51,000 customers, will serve better than any contract.

Revenue

Total revenue for the period was £50.2 million, an increase of £10.3 million (26%) from £39.9 million in the prior period. Like-for-like revenue for the six month period was £43.2 million, an increase of 9% from the prior period. Like-for-like revenue excludes the 12 Partnership stores (acquired December 2014), Oxford 2 (acquired July 2014), Chester (acquired January 2015) and Enfield (opened April 2015); the prior period figure excludes management fees earned from Big Yellow Limited Partnership.

The other revenue earned is management fee income from the Armadillo Partnerships and tenant income on sites where we have not started development.

Other sales (included within the above), comprising the selling of packing materials, insurance and storage related charges, represented 17.6% of storage income for the year (2014: 17.9%) and generated revenue of £7.4 million for the period, up 9% from £6.8 million in 2014 (see Portfolio Summary).

Operating costs

Cost of sales comprises principally of direct store operating costs, including store staff salaries, utilities, business rates, insurance, a full allocation of the central marketing budget, and repairs and maintenance.

Cost of sales in the income statement has increased by £3.7 million (29%) to £16.5 million (2014: £12.8 million). Of this increase, £2.2 million relates to the operating costs of the Partnership stores. The operating costs of the new stores at Enfield, Oxford 2 and Chester account for £0.5 million of the increase. The prior period figure included rates rebates of £0.4 million. The remaining increase of £0.6 million is due to inflationary increases, notably in online search expenditure, and an increased investment in operational staff.

Administrative expenses have increased by £0.5 million as a result of an increase in the non-cash share based payments charge, which represents £1.3 million of the overall £4.7 million expense.

Store EBITDA

Store EBITDA for the six month period included in the income statement was £33.1 million, an increase of 26% from the prior period (2014: £26.2 million). The increase including the Partnership stores on a proforma basis in the prior period is 12% (2014: £29.6 million) (see Portfolio Summary).

The overall store EBITDA margin increased to 67.0% (2014: 66.3%).

Interest

The loan interest expense during the period was £5.4 million, £0.3 million higher than the same period last year, due to the higher debt levels following the acquisition of the Partnership, in part offset by the lower average cost of debt. Capitalised interest in the period was £0.3 million, an increase of £0.1 million from the prior period. The interest capitalised in the period is principally on our Cambridge development.

Results

The 30% increase in adjusted profit before tax to £23.9 million is reconciled in the table below:

Movement in adjusted profit before tax	£m
Adjusted profit before tax for the six months to 30 September 2014	**18.4**
Increase in gross profit	**6.6**
Increase in administrative expenses	**(0.5)**
Decrease in share of associates' recurring profit	**(0.5)**
Increase in net interest payable	**(0.2)**
Increase in capitalised interest	**0.1**
Adjusted profit before tax for the six months to 30 September 2015	**23.9**

The Group's statutory profit before tax for the period was £59.6 million, an increase of 69% from £35.3 million for the same period last year. This increase is due to the increase in adjusted profit before tax, coupled with a higher revaluation surplus in the period.

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

Profit before tax analysis	Six months ended 30 September 2015 £m	Six months to 30 September 2014 £m
Profit before tax	**59.6**	35.3
Adjusted for:		
Gain on revaluation of investment properties	**(34.8)**	(15.3)
Change in fair value of interest rate derivatives	**(0.5)**	0.2
Gains on surplus land	**–**	(1.3)
Share of non-recurring gains in associates	**(0.4)**	(0.5)
Adjusted profit before tax	**23.9**	18.4

Diluted EPRA earnings per share was 15.1 pence (2014: 13.0 pence), an increase of 16% from the same period last year. The percentage increase is lower than that reported for adjusted profit before tax due to the impact of the placing an additional 14.4 million shares on 19 November 2014 to part fund the acquisition of the Big Yellow Limited Partnership stores.

Cash flow growth

Cash flows from operating activities (after net finance costs) have increased by 44% to £25.7 million for the period (2014: £17.8 million), in line with the growth in store EBITDA, in addition to a more favourable working capital movement than in the prior period. These operating cash flows are after the ongoing maintenance costs of the stores, which are on average £35,000 per store per annum. The Group's net debt is broadly unchanged over the period at £276.7 million (March 2015: £277.1 million).

	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m
Cash generated from operations	**30.6**	22.9
Finance costs (net) (see below)	**(4.9)**	(5.1)
Free cash flow	**25.7**	17.8
Capital expenditure	**(8.2)**	(6.9)
Net investment in associates	**–**	(1.9)
Dividend received from associate	**0.1**	–
Surplus land sales	**–**	2.8
Cash flow after investing activities	**17.6**	11.8
Non-recurring finance costs (see below)	**–**	(3.9)
Dividends	**(17.5)**	(11.8)
Issue of share capital	**0.4**	0.7
(Decrease)/increase in borrowings	**(4.1)**	8.0
Net cash (outflow)/inflow	**(3.6)**	4.8

The capital expenditure in the period principally relates to the costs to acquire and construct our new store in Cambridge.

The non-recurring finance costs incurred in the prior period relate to the cancellation of interest rate swaps (£1.4 million) and arrangement fees and costs incurred in completing the refinancing of the bank and M&G loans (£2.5 million).

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 £0.2 million tax charge in the non-exempt residual business for the period ended 30 September 2015 (six months to 30 September 2014: £nil). This is due to the increase in taxable profit following the acquisition of the remaining two thirds of Big Yellow Limited Partnership.

Dividends

REIT regulatory requirements determine the level of Property Income Dividend ("PID") payable by the Group. A PID of 12.1 pence per share is proposed as the total interim dividend, an increase of 16% from 10.4 pence per share PID for the same period last year.

The interim dividend will be paid on 7 January 2016. The ex-div date is 10 December 2015 and the record date is 11 December 2015.

Financing and treasury

Our financing policy is to fund our current needs through a mix of debt, equity and cash flow to allow us to selectively build out our development pipeline and achieve our strategic growth objectives, which we believe improve returns for shareholders. We aim to ensure that there are sufficient medium-term facilities in place to finance our committed development programme, secured against the freehold portfolio, with debt serviced by our strong operational cash flows.

We maintain a keen watch on medium and long-term rates and the Group's policy in respect of interest rates is to maintain a balance between flexibility and hedging of interest rate risk.

The table below summarises the Group's debt facilities at 30 September 2015:

Debt	Expiry	Facility	Drawn	Average cost
Aviva Loan	April 2027	£93.3 million	£93.3 million	4.9%
M&G loan	June 2022	£70 million	£70 million	3.7%
Bank loan (Lloyds & HSBC)	October 2020, with option for an additional year	£170 million	£118 million	2.6%
Total	Average term 7.0 years	£333.3 million	£281.3 million	3.7%

The Group's loan with Aviva is at a fixed rate and amortises to £60 million over the course of its 15 year term.

During the period, the Group drew down the seven year £70 million M&G loan, repaying simultaneously a £70 million bridging loan that had been provided by Lloyds. The M&G loan is 50% fixed and 50% floating.

In October 2015, the Group extended the term of its bank loan from August 2019 to October 2020, with an option to extend for a further year to October 2021. The margin payable on the income cover ratchet was also reduced by 25 bps on both the term and the revolving debt. The revolving debt now pays a margin of 125 bps and the term debt 150 bps. Were the term and the revolver to be fully drawn, the weighted average margin would be 137.5 bps. This reduction in margin is reflected in the table above. The Group has an option to increase the amount of the revolving loan facility by £80 million during the course of the loan's term.

The Group has an interest rate derivative of £30 million expiring in September 2016 at a pre-margin cost of 2.8%. The bank loan requires 50% of all drawn debt to be hedged or fixed.

The Group was comfortably in compliance with its banking covenants at 30 September 2015.

The net debt to gross property assets ratio is 26% (2014: 28%) and the net debt to adjusted net assets ratio is 33% (2014: 35%).

Property

Development pipeline

The status of the Group's development pipeline is summarised in the table below:

Site	Location	Status	Anticipated capacity
Cambridge	Adjacent to the Cambridge Retail Park, Newmarket Road	Under construction, store due to open in January 2016, cost to complete of £2.9 million	55,000 sq ft
Guildford	Prime location in centre of Guildford on Woodbridge Meadows	Consent granted, store due to open in Spring 2017, cost to complete of £6.0 million	56,000 sq ft
Wandsworth, London	Possible extension of 30,000 sq ft to existing 47,000 store	Planning under negotiation	Additional 30,000 sq ft
Camberwell, London	Located in prominent location on Southampton Way	Site recently acquired, planning application to be prepared	55,000 to 60,000 sq ft
Kings Cross, London	Prominent location on York Way	Site recently acquired, planning application to be prepared	85,000 to 90,000 sq ft
Battersea, London	Prominent location on junction of Lombard Road and York Road (South Circular)	Potential redevelopment of Big Yellow store and adjoining retail in a mixed use residential scheme to increase our self storage capacity Early design discussions with the Borough Council	Up to an additional 60,000 sq ft
Newcastle	Prime location on Scotswood Road	Negotiations ongoing with existing long leasehold tenant to obtain vacant possession	50,000 sq ft to 60,000 sq ft
Manchester	Prime location on Water Street in central Manchester	Planning under negotiation	50,000 sq ft to 70,000 sq ft

The committed capital expenditure for the remainder of the financial year is approximately £33.5 million, which includes the acquisitions of Kings Cross and Camberwell, and the completion of the construction of Cambridge. The current committed capital expenditure for the next financial year is the construction of Guildford which amounts to approximately £6 million.

The Group manages the construction and fit-out of its stores in-house, as we believe it provides both better control and quality, and we have an excellent record of building stores on time and within budget.

Investment property

The Group's investment properties are carried at the half year at Directors' valuation. They are valued externally by Cushman and Wakefield LLP ("C&W") at the year end. The Directors' valuations reflect the latest cash flows derived from each of the stores at the end of September. In performing the valuations, 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.

At 30 September 2015 the total value of the Group's properties is shown in the table below:

Analysis of property portfolio	No of locations	Value at 30 September 2015 £m	Revaluation movement in the period £m
Investment property	70	1,052.5	34.4
Investment property under construction	4	13.7	0.4
Investment property total	**74**	**1,066.2**	**34.8**
Surplus land	1	3.3	–
Total	**75**	**1,069.5**	**34.8**

The revaluation surplus for the open stores in the period was £34.4 million, as the growth in cash flows feed through to the valuation, coupled with the 5 bps inward movement on the cap rates.

The initial yield on the portfolio before administration expenses and assuming no rental growth, is 6.6% rising to a stabilised yield of 7.2% (31 March 2015: 6.4% rising to 7.4%).

Surplus land

At 30 September 2015 the Group owned £3.3 million of land surplus to our requirements at one site. We aim to sell this surplus land once we have maximised its realisable value through planning improvements. The site is held at the lower of cost and net realisable value and has not been externally valued.

In the prior period, the Group sold its surplus site at Guildford Central for £2.8 million, representing a profit over book value of £1.3 million.

Capital Goods Scheme receivable

At 30 September 2015 we had a receivable of £9.4 million 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 2012. To date, we have received payments under the Capital Goods Scheme of £4.3 million.

Net asset value

The adjusted net asset value is 536.4 pence per share (see note 14), up 5% from 510.4 pence per share at 31 March 2015. The table below reconciles the movement from 31 March 2015.

Movement in adjusted net asset value	Equity shareholders' funds £m	EPRA adjusted NAV pence per share
1 April 2015	801.4	510.4
Adjusted profit before tax	23.9	15.1
Equity dividends paid	(17.5)	(11.1)
Revaluation movements (including share of associate)	35.4	22.4
Movement in purchaser's cost adjustment	2.1	1.3
Other movements (eg share schemes)	1.7	(1.7)
30 September 2015	847.0	536.4

During the period, the Group cancelled the 1.4 million treasury shares in issue.

Energy efficient lighting

Enfield

Armadillo Self Storage

The Group has a 20% investment in Armadillo Storage Holding Company Limited and a 20% investment in Armadillo Storage Holding Company 2 Limited. In the consolidated accounts of Big Yellow Group PLC, our investments in the vehicles are treated as associates using the equity accounting method.

The occupancy of the combined two portfolios is 486,000 sq ft, against a total capacity of 673,000 sq ft, with growth of 23,000 sq ft over the period. The stores' occupancy at 30 September 2015 was 72.2% (31 March 2015: 68.8%). The net rent achieved at 30 September 2015 by the Armadillo stores is £15.46 per sq ft, an increase of 3% from the same time last year. The revenue of the portfolios increased by 4% to £4.5 million for the six months to 30 September 2015 (2014: £4.3 million).

The Armadillo Partnerships made a combined operating profit of £2.1 million in the period, of which Big Yellow's share is £0.4 million. After net interest costs, the revaluation of investment properties, deferred tax on the revaluation surplus and interest rate derivatives, the profit for the period was £3.8 million, of which the Group's share was £0.8 million.

Big Yellow has a five year management contract in place in each Partnership. For the period to 30 September 2015, the Group earned management fees of £0.4 million.

The Group's share of the interim dividend declared for the period is £181,000, representing a 4.9% yield on our investment for the six months.

James Gibson
Chief Executive Officer

16 November 2015

John Trotman
Chief Financial Officer

16 November 2015


24 hour digital CCTV

PIN code access

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 the principal risks and uncertainties for the remaining six months of the year are included in note 18, 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	**John Trotman**
Director	Director

16 November 2015

Portfolio Summary – Big Yellow Stores

	2015				2014			
	Mature[1]	**Established**	**Developing**	**Total**	Mature	Established	Developing	Total
Number of stores [2]	**56**	**11**	**3**	**70**	55	11	2	68
At 30 September:								
Total capacity (sq ft)	**3,495,000**	**704,000**	**205,000**	**4,404,000**	3,426,000	704,000	145,000	4,275,000
Occupied space (sq ft)	**2,737,000**	**520,000**	**121,000**	**3,378,000**	2,568,000	498,000	78,000	3,144,000
Percentage occupied	**78.3%**	**73.9%**	**59.0%**	**76.7%**	75.0%	70.7%	53.8%	73.5%
Net rent per sq ft	**£26.43**	**£21.84**	**£24.22**	**£25.64**	£25.79	£20.76	£22.28	£24.91
For the period:								
REVPAF [3]	**£23.63**	**£19.15**	**£14.12**	**£22.47**	£22.24	£16.81	£11.68	£20.98
Average occupancy	**76.4%**	**73.1%**	**51.4%**	**74.7%**	72.6%	66.2%	42.5%	70.5%
Average annual rent psf	**£26.21**	**£21.75**	**£23.51**	**£25.43**	£25.92	£20.87	£22.93	£25.08

	£000	**£000**	**£000**	**£000**	£000	£000	£000	£000
Self storage income	**35,110**	**5,613**	**1,242**	**41,965**	32,187	4,876	708	37,771
Other storage related income [4]	**6,102**	**1,079**	**193**	**7,374**	5,645	989	127	6,761
Ancillary store rental Income	**82**	**47**	**12**	**141**	92	53	12	157
Total store revenue	**41,294**	**6,739**	**1,447**	**49,480**	37,924	5,918	847	44,689
Direct store operating costs (excluding depreciation)	**(12,476)**	**(2,218)**	**(717)**	**(15,411)**	(11,408)	(2,141)	(488)	(14,037)
Short and long leasehold rent [5]	**(937)**	**–**	**–**	**(937)**	(1,011)	–	–	(1,011)
Store EBITDA [6]	**27,881**	**4,521**	**730**	**33,132**	25,505	3,777	359	29,641
Store EBITDA margin	**67.5%**	**67.1%**	**50.4%**	**67.0%**	67.3%	63.8%	42.4%	66.3%

Deemed cost	**£m**	**£m**	**£m**	**£m**
To 30 September 2015	**362.4**	**130.7**	**46.4**	**539.5**
Capex to complete	**0.7**	**0.4**	**0.3**	**1.4**
Total	**363.1**	**131.1**	**46.7**	**540.9**

(1) The mature stores have been open for more than six years at 1 April 2015. The established stores have been open for between three and six years at 1 April 2015 and the developing stores have been open for fewer than three years at 1 April 2015. The Group acquired two stores during the prior year in Chester and Oxford. These are shown within mature stores as they have been open for more than six years (Chester was acquired in January 2015, so is not in the comparative figures).

(2) The Group acquired the 66.7% of Big Yellow Limited Partnership that it did not previously own on 1 December 2014. The results of the stores in the Partnership have been included in the results above for both years to give a clearer understanding of the underlying performance of all Big Yellow stores. The table below shows the results for the prior period excluding the period when the stores were not wholly owned.

	2014		
	Per above £000	Partnership results as an associate £000	Statutory £000
Store revenue	44,689	(5,566)	39,123
Store EBITDA	29,641	(3,431)	26,210

(3) Total store revenue divided by the average maximum lettable area in the year.

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

(5) Rent for six mature short leasehold properties accounted for as investment properties and finance leases under IFRS with total self storage capacity of 398,000 sq ft, and a long leasehold mature store with a capacity of 64,000 sq ft. The Group acquired the freehold of its Battersea store in December 2014.

(6) Store earnings before interest, tax, depreciation, amortisation, and an allocation of central overhead.

Portfolio Summary – Armadillo Stores

	2015	2014
Number of stores [(1)]	**14**	14
At 30 September:		
Total capacity (sq ft)	**673,000**	673,000
Occupied space (sq ft)	**486,000**	475,000
Percentage occupied	**72.2%**	70.6%
Net rent per sq ft	**£15.46**	£15.01
For the period:		
REVPAF	**£13.29**	£12.75
Average occupancy	**71.2%**	68.8%
Average annual rent psf	**£15.33**	£15.46

	£000	£000
Self storage income	**3,685**	3,585
Other storage related income	**783**	699
Ancillary store rental income	**4**	6
Total store revenue	**4,472**	4,290
Direct store operating costs (excluding depreciation)	**(1,819)**	(1,791)
Short leasehold rent	**(205)**	(205)
Store EBITDA	**2,448**	2,294
Store EBITDA margin	**54.7%**	53.5%

Cumulative capital expenditure	£m
To 30 September 2015	**43.1**
To complete	**0.8**
Total capital expenditure	**43.9**

(1) Please note the Group acquired an interest in Armadillo 1 on 16 April 2014 and in Armadillo 2 on 3 February 2015. The results shown for the comparative period are to provide readers with a clearer understanding of the performance of the portfolios. Please see note 9d for further details.

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	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.

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
Revenue per income statement	**50,211**	39,918	84,276
Investment income (see note 3)	**9**	6	27
Total revenue per IAS 18	**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
Total interest receivable	**203**	207	495
Fair value movement on derivatives	**482**	–	–
Total investment income	**685**	207	495

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.

7. DIVIDENDS

Amounts recognised as distributions to equity holders in the period:	**Six months ended 30 September 2015 (unaudited) £000**	Six months ended 30 September 2014 (unaudited) £000
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
Adjustments:									
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.

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.

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.

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.

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

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

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).

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

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

Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

16 November 2015

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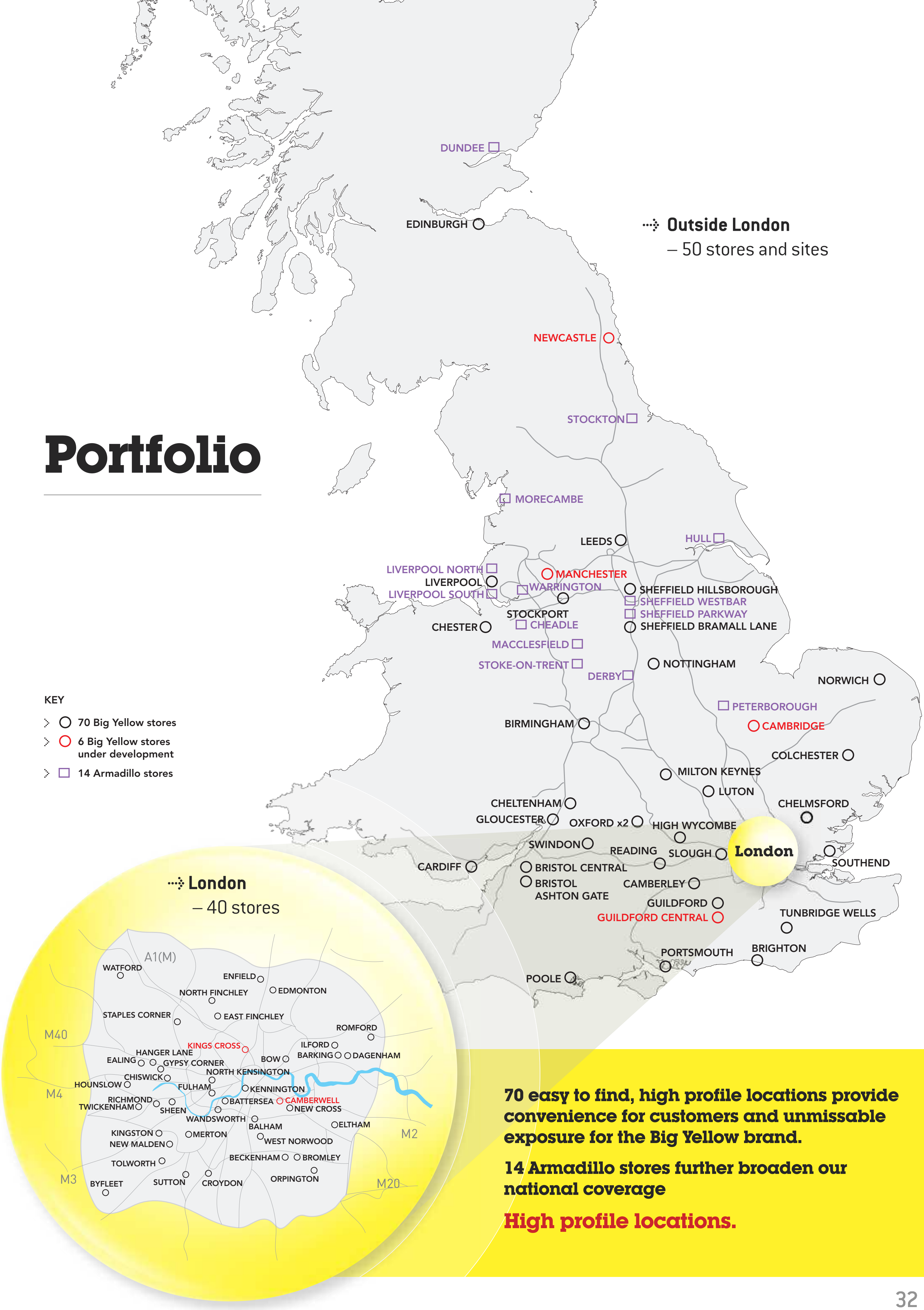
Portfolio

KEY

- 70 Big Yellow stores
- 6 Big Yellow stores under development
- 14 Armadillo stores



70 easy to find, high profile locations provide convenience for customers and unmissable exposure for the Big Yellow brand.

14 Armadillo stores further broaden our national coverage

High profile locations.

You can access
more information
about us on our website

bigyellow.co.uk

think... people
service
security
locations
facilities
innovation
growth

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