

Big Yellow Group PLC
Interim 2005



FINANCIAL HIGHLIGHTS

	Second quarter ended 30 Sept 2005	First quarter ended 30 June 2005		Six months ended 30 Sept 2005	Six months ended 30 Sept 2004	
Annualised revenue	£42.7m	£39.8m	+7%	£42.7m	£35.0m	22%
Revenue	£10.7m	£9.6m	+11%	£20.3m	£15.6m	30%
Profit before tax				£42.2m	£33.2m	27%
Adjusted profit before tax ⁽¹⁾				£6.0m	£3.4m	76%
Basic earnings per share				30.14p	23.15p	30%
Adjusted earnings per share ⁽²⁾				4.90p	2.14p	129%
Adjusted NAV per share ⁽³⁾				227.7p	179.6p	27%
Interim dividend				2.0p	0.5p	
Number of customers	27,500	26,400	+4%	27,500	23,300	18%
Occupied space	1,649,000 sq ft	1,545,000 sq ft	+7%	1,649,000 sq ft	1,403,000 sq ft	18%

⁽¹⁾ See note 5

⁽²⁾ See note 7

⁽³⁾ See note 13

Profit before tax of **£42.2 million** for the half year (2004: £33.2 million)

Adjusted profit before tax⁽¹⁾ **£6.0 million** up 76% (2004: £3.4 million)

Adjusted net assets per share⁽³⁾ of **227.7 pence** as at 30 September 2005 (2004: 179.6 pence)

Interim dividend increased to **2.0 pence** per ordinary share (2004: 0.5 pence)

35 stores currently open with a further 12 committed, providing **2.9 million sq ft** of self storage space when completed

Acquired freehold sites in Richmond, Balham and Twickenham

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TRADING SUMMARY

Years since opening as at 1 April 2005	September 2005 ≥ 2 years	September 2005 ≤ 2 years	September 2005 Total	September 2004 ≥ 2 years	September 2004 ≤ 2 years	September 2004 Total
Number of stores	27	8	35	27	4	31
As at 30 September 2005						
Total capacity (sq ft)	1,663,000	448,000	2,111,000	1,650,000	223,000	1,873,000
Occupied space (sq ft)	1,432,000	217,000	1,649,000	1,320,000	83,000	1,403,000
Percentage occupied	86%	48%	78%	80%	37%	75%
	£'000	£'000	£'000	£'000	£'000	£'000
Annualised revenue	37,123	5,605	42,728	32,813	2,161	34,974
For the 6 month period:						
Average occupancy	83%	40%	74%	78%	27%	72%
Average annual rent psf	£22.58	£21.22	£22.49	£19.77	£19.76	£19.77
Self storage sales	15,581	1,901	17,482	12,719	595	13,314
Other storage related income ⁽¹⁾	2,226	363	2,589	1,922	150	2,072
Development/tenant income	139	66	205	74	116	190
Total Revenue	17,946	2,330	20,276	14,715	861	15,576
Direct store operating costs (excluding depreciation)	(5,830)	(1,209)	(7,039)	(5,395)	(542)	(5,937)
Leasehold rent ⁽²⁾	(1,093)	–	(1,093)	(1,044)	–	(1,044)
Store EBITDA ⁽³⁾	11,023	1,121	12,144	8,276	319	8,595
EBITDA Margin ⁽⁴⁾	61%	48%	60%	56%	37%	55%
Central overhead ⁽⁵⁾	(1,093)	(248)	(1,341)	(946)	(86)	(1,032)
Store Net Operating Income	9,930	873	10,803	7,330	233	7,563
NOI Margin	55%	37%	53%	50%	27%	49%
Capital expenditure						
	£m	£m	£m			
to 30 September 2005	119.7	46.6	166.3			
to complete	–	1.5	1.5			
Total cost	119.7	48.1	167.8			

⁽¹⁾ Packing materials, insurance and other storage related fees.

⁽²⁾ Rent for 9 leasehold properties accounted for as investment properties and finance leases under IFRS with total self storage capacity of 535,000 sq ft.

⁽³⁾ Earnings before interest, tax, depreciation and amortisation.

⁽⁴⁾ Of stores open more than 2 years, 9 leaseholds achieved a store EBITDA of £3.24 million and EBITDA margin of 51%. 18 freeholds achieved a store EBITDA of £7.78 million and EBITDA margin of 67%.

⁽⁵⁾ Allocation of overhead based on 6% of estimated stabilised income.

CHAIRMAN'S STATEMENT

The Board of Big Yellow Group PLC, the self storage company, is pleased to announce results for the six months and for the second quarter ended 30 September 2005.

We are pleased with the Group's trading performance over the first half of this financial year, despite a slow start in April. Trading from May through to September has exceeded our expectations.

International Financial Reporting Standards ("IFRS")

Big Yellow Group PLC adopted IFRS with effect from 1 April 2005 this year and announced the restatement of its 2005 full year results under IFRS on 27 September 2005. That announcement, which includes reconciliations and explanations of differences from reported key numbers under UK GAAP, together with the accompanying presentation, is available on the Company's website, www.bigyellow.co.uk. The main change resulting from the introduction of IFRS is that Big Yellow has changed its classification and accounting for the majority of its properties to "investment properties" and its trading stores are now held in the balance sheet at fair value, having previously been held at net historical cost. Furthermore, these investment properties are no longer depreciated and are subject to an external valuation bi-annually with movements on revaluation recognised separately in the income statement.

This interim report is prepared in accordance with IFRS and includes the Group's IFRS accounting policies together with further details on key performance measures in the notes to the accounts.

Whilst the adoption of IFRS has significantly changed the presentation of the financial results in this interim report, it has no impact on the underlying business or cashflow.

Financial Results

Revenue for the period was £20.3 million, up 30% from the £15.6 million achieved in the comparable period last year. Revenue for the second quarter of £10.7 million was 11% up on the £9.6 million reported for the quarter to 30 June. Underlying revenue on an annualised basis increased at the period end to £42.7 million, up 22% (2004: £35.0 million).

Profit before tax in the period was £42.2 million up from £33.2 million in the same period last year. After adjusting for the gain on the revaluation of investment properties and other matters shown in the table below the Group made an adjusted profit before tax in the period of £6.0 million, up 76% from £3.4 million for the same period last year.

	Six months to 30 Sept 2005 £m	Six months to 30 Sept 2004 £m	Year ended 31 March 2005 £m
Profit before Tax Analysis			
Profit before tax	42.2	33.2	42.8
Less gain on revaluation of investment properties	(36.8)	(29.8)	(34.9)
Add fair value movement on interest rate swaps	0.6	–	(0.1)
Adjusted profit before tax	6.0	3.4	7.8

Cash generated from operations rose to £11.6 million in the period, an increase of 71% (2004: £6.8 million).

Net bank debt of £111.5 million at the period end represents 31% of the Group's investment property and development property assets totalling £363.5 million and 45% of adjusted net assets of £247.0 million as indicated in the table below.

Dividend

The Board has reviewed its dividend policy and concluded that an interim dividend of 2.0 pence per share (2004: 0.5 pence) be paid in the current year, reflecting the Board's confidence in the Group's cashflow. The ex-dividend date will be 23 November 2005 and the record date 25 November 2005, with an intended payment date of 19 December 2005.

Stores and the Market

Following the acquisition of three properties in Twickenham, Richmond and Balham, all in South-West London, the Group now has thirty five stores trading, with the total number of stores open or in planning and development rising to forty seven. The twelve stores in development and planning are anticipated to provide 785,000 sq ft, taking the total when fully opened and fitted out to 2.9 million sq ft. Eight of the stores to be opened are located in Greater London which we believe will improve the overall quality of our portfolio and re-enforce our dominant position in London where we currently have twenty stores open.

Thirty seven of our properties are owned freehold, one long-leasehold of 103 years un-expired and the average remaining lease term of our short leaseholds is 20 years. We now have planning permission on six of the twelve pipeline stores.

In the summer of this year, we opened our first store in the North of England in Leeds, and we are pleased to report that the store is trading well and this has encouraged us to continue our expansion into the Midlands, the North of England and Scotland. However, we caution that the availability of high quality property at affordable prices is as limited as it is in Southern England.

We have as usual included a table summarising the trading performance of all our stores over the year, together with a comparison of the prior period. This can be found on page 1. We have seen a further increase in customers to 27,500 from 23,300 at the same time last year, a rise of 18%.

Valuation and Net Asset Value

The Group's trading stores, which are classified as investment properties, have been re-valued by Cushman & Wakefield, Healey & Baker (C&W/H&B) and this has resulted in a gross asset value of £363.5 million, comprising £274.8 million (76%) for freehold and long leasehold trading stores, £54.5 million (15%) for short leasehold trading stores and £34.2 million (9%) for freehold sites held for development. The properties held for development have not been valued and have been included at cost. The valuation translates into an adjusted net asset value per share of 227.7 pence after the dilutive effect of outstanding share options.

	As at 30 Sept 2005 £'000	As at 30 Sept 2004 £'000	As at 31 March 2005 £'000
Analysis of Net Asset Value			
Basic net asset value	188.7	147.8	159.2
Exercise of share options	7.0	7.1	7.3
Diluted net asset value	195.7	154.9	166.5
Adjustments:			
Deferred tax on revaluation surpluses	51.2	38.6	40.2
Tax on fair value of interest rate swaps	0.1	(0.1)	–
Adjusted net asset value	247.0	193.4	206.7
Diluted net assets per share (pence)	180.4	143.8	154.0
Adjusted net assets per share (pence)	227.7	179.6	191.1
Diluted shares used for calculation (million)	108.5	107.7	108.1

The value of the investment property portfolio at 30 September 2005 was £329.4 million up £54.2 million from £275.2 million at 31 March 2005. £31.3 million is the increase in the valuation of the same store portfolio representing an 11% total uplift, of which 5% is a function of capital growth and 6% operational performance. The balance of £22.9 million is the valuation of new stores, comprising capital expenditure of £16.8 million and a revaluation uplift of £6.1 million on Beckenham and Leeds. The trading store acquired at Richmond was valued in line with its book value.

The anticipated initial yield on the portfolio in the following year, as represented by net operating income at store level, is 7.09%, rising to 8.37% in the year following stabilisation of each store. The reduction in the stabilised yield from 8.83% at 31 March 2005 to 8.37% represents a 5.0% capital value increase. This yield reduction reflects a number of factors, including significant yield compression on other real estate assets in the UK and elsewhere and more specifically, a growing institutionalisation of self storage assets, particularly in the US. Self storage in the United Kingdom has not yet materially benefited from these trends to date.

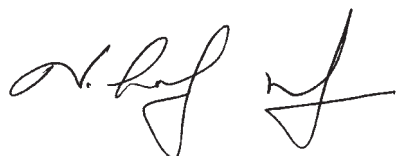
The Group has recently acquired a virtual freehold in its Head Office building for £1.25 million plus irrecoverable VAT, now held as a freehold property in the balance sheet at cost.

Outlook

Whilst the Group has enjoyed relatively encouraging trading conditions in the last six months, we still remain cautious with regard to the current state of the housing market and the more subdued consumer. We believe that the relative under supply of high quality self storage centres and the Group's growing brand and operational strength is counteracting these negative effects.

The Group continues to enjoy a strong financial position with a largely prime freehold portfolio, a strong and growing cashflow and relatively low levels of gearing with the capacity to fund new stores.

In the light of this we intend to continue our expansion by acquiring six to eight new sites per annum and look forward to opening the twelve stores in our development pipeline.



Nicholas Vetch
Chairman

CONSOLIDATED INCOME STATEMENT

Six months ended 30 September 2005

	Note	Six months ended 30 Sept 2005 (unaudited) £'000	Six months ended 30 Sept 2004* (unaudited) £'000	Year ended 31 March 2005* (audited) £'000
REVENUE	2	20,276	15,576	33,375
Cost of sales		(7,660)	(6,359)	(12,924)
GROSS PROFIT		12,616	9,217	20,451
Administrative expenses		(2,261)	(2,588)	(5,421)
Operating profit before gains on investment properties		10,355	6,629	15,030
Gain on the revaluation of investment properties		36,789	29,770	34,976
OPERATING PROFIT		47,144	36,399	50,006
Gains and losses on non-current assets		8	–	2
Finance income		102	55	142
Finance costs	3	(5,058)	(3,255)	(7,314)
PROFIT BEFORE TAX		42,196	33,199	42,836
Tax	4	(11,815)	(10,164)	(12,695)
PROFIT FOR THE PERIOD		30,381	23,035	30,141
Attributable to:				
Equity Shareholders		30,381	23,035	30,141
Basic earnings per share	7	30.14p	23.15p	30.15p
Diluted earnings per share	7	29.65p	22.71p	29.69p

* Restated under IFRS (see note 16).

Adjusted earnings per share are shown in note 7.

All items in the income statement relate to continuing operations.

CONSOLIDATED BALANCE SHEET

30 September 2005

	Note	30 Sept 2005 (unaudited) £'000	30 Sept 2004* (unaudited) £'000	31 March 2005* (audited) £'000
NON-CURRENT ASSETS				
Investment property	8	329,370	259,690	275,230
Development property	8	34,164	26,669	36,076
Finance lease asset	8	25,355	25,951	25,659
Plant, equipment and owner-occupied property	8	2,768	1,610	1,314
Goodwill		1,433	1,433	1,433
		393,090	315,353	339,712
Non-current assets held for sale		3,757	8,626	2,867
CURRENT ASSETS				
Inventories		322	275	254
Trade and other receivables	9	4,322	4,253	8,896
Cash and deposits		3,081	5,157	6,379
		7,725	9,685	15,529
TOTAL ASSETS		404,572	333,664	358,108
CURRENT LIABILITIES				
Trade and other payables	10	(14,961)	(17,748)	(13,584)
Tax liabilities		(352)	–	(32)
		(15,313)	(17,748)	(13,616)
NON-CURRENT LIABILITIES				
Bank borrowings	12a	(114,031)	(90,550)	(108,501)
Deferred tax	11	(50,520)	(37,654)	(39,026)
Obligations under finance leases		(25,355)	(25,951)	(25,659)
Other payables	12b	(10,670)	(14,021)	(12,138)
		(200,576)	(168,176)	(185,324)
TOTAL LIABILITIES		(215,889)	(185,924)	(198,940)
TOTAL NET ASSETS		188,683	147,740	159,168
CAPITAL AND RESERVES				
Called up share capital	15	10,191	10,000	10,073
Share premium account	15	2,796	2,171	2,390
Reserves	15	175,696	135,569	146,705
EQUITY SHAREHOLDERS' FUNDS		188,683	147,740	159,168

* Restated under IFRS (see note 16).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2005

	Six months ended 30 Sept 2005 (unaudited) £'000	Six months ended 30 Sept 2004* (unaudited) £'000	Year ended 31 March 2005* (audited) £'000
Profit for the period	30,381	23,035	30,141
Dividends	(1,502)	(1,044)	(1,545)
Issue of shares (net of issue costs)	524	272	564
Employee share options	112	54	109
Purchase of treasury shares	–	(812)	(812)
Net addition to equity shareholders' funds	29,515	21,505	28,457
Opening equity shareholders' funds	159,168	126,235	130,711
Closing equity shareholders' funds	188,683	147,740	159,168

* Restated under IFRS (see note 16).

CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 September 2005

		Six months ended 30 Sept 2005 (unaudited) £'000	Six months ended 30 Sept 2004* (unaudited) £'000	Year ended 31 March 2005* (audited) £'000
Cash generated from operations	<i>B</i>	11,555	6,827	16,392
Interest paid		(5,533)	(3,042)	(6,857)
Interest received		113	45	129
Cash flows from operating activities		6,135	3,830	9,664
Investing activities				
Purchase of non-current assets		(18,688)	(19,578)	(45,710)
Sale of non-current assets		4,490	–	3,729
Cash flows from investing activities		(14,198)	(19,578)	(41,981)
Financing activities				
Issue of share capital (net of expenses)		524	272	564
Purchase of treasury shares		–	(812)	(812)
Dividends paid		(1,502)	(1,044)	(1,545)
Increase in borrowings		5,743	22,000	40,000
Cash flows from financing activities		4,765	20,416	38,207
Net (decrease)/increase in cash and deposits in the period	<i>A</i>	(3,298)	4,668	5,890
Opening cash and deposits		6,379	489	489
Closing cash and deposits		3,081	5,157	6,379

* Restated under IFRS (see note 16).

A. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Six months ended 30 September 2005

	Six months ended 30 Sept 2005 (unaudited) £'000	Six months ended 30 Sept 2004 (unaudited) £'000	Year ended 31 March 2005 (audited) £'000
Net (decrease)/increase in cash and deposits in the period	(3,298)	4,668	5,890
Cash inflow from increase in debt financing	(5,743)	(22,000)	(40,000)
Change in net debt resulting from cash flows	(9,041)	(17,332)	(34,110)
Movement in net debt in the period	(9,041)	(17,332)	(34,110)
Net debt at start of period	(102,514)	(68,404)	(68,404)
Net debt at end of period	(111,555)	(85,736)	(102,514)

B. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Six months ended 30 September 2005

	Six months ended 30 Sept 2005 (unaudited) £'000	Six months ended 30 Sept 2004 (unaudited) £'000	Year ended 31 March 2005 (audited) £'000
Operating profit	47,144	36,399	50,006
Gain on the revaluation of investment properties	(36,789)	(29,770)	(34,976)
Depreciation	622	616	1,236
Employee share options	112	54	108
(Increase)/decrease in inventories	(68)	13	34
Decrease/(increase) in receivables	863	381	(561)
(Decrease)/increase in payables	(329)	(866)	545
Cash generated from operations	11,555	6,827	16,392

NOTES TO THE INTERIM REPORT

Six months ended 30 September 2005

1. ACCOUNTING POLICIES

Basis of preparation

The financial information contained in this report does not constitute statutory accounts with the meaning of the section 240 of the Companies Act 1985. The full accounts for the year ended 31 March 2005, which were prepared under UK GAAP and which received an unqualified report from the auditors, and did not contain a statement under S237(2) or (3) of the Companies Act 1985, have been filed with the Registrar of Companies. The unaudited information in the interim financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS") for the first time. The disclosures required by the IFRS 1 concerning the transition from UK GAAP to IFRS are given in note 16. The next annual financial statements of the Group will be prepared in accordance with IFRS as adopted for use in the EU.

The interim financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The accounting policies used in the interim financial statements are consistent with those that the Directors intend to use in the annual financial statements.

Basis of consolidation

The Group accounts consolidate the accounts of Big Yellow Group PLC and all its subsidiaries at the year end using acquisition accounting principles. All intra-group transactions, balances, income and expenses are eliminated on consolidation. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e discount on acquisition) is credited to profit and loss in the period of acquisition.

Revenue recognition

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

Profit from operations

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

Finance Costs

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

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE INTERIM REPORT

Six months ended 30 September 2005

1. ACCOUNTING POLICIES (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Investment property

Investment properties are properties owned or leased by the group which are held for rental income and for capital appreciation. Investment property is initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers. In accordance with IAS40, investment property held under leases is stated gross of the recognised finance lease liability.

Development property

Gains or losses arising from the changes in fair value of investment property are included in the income statement of the period in which they arise. In accordance with IAS40, as the Group uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

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

Property, plant & equipment

All property, plant and equipment are carried at historical cost less depreciation and any recognised impairment loss.

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

The useful economic lives of the assets are as follows:

Freehold property	50 years
Leasehold improvements	Over period of the lease
Plant and machinery	10 years
Motor vehicles	4 years
Fixtures and fittings	5 years
Computer equipment	3 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Leases

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

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

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

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

NOTES TO THE INTERIM REPORT

Six months ended 30 September 2005

1. ACCOUNTING POLICIES (continued)

Non current assets held for sale

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

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

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Inventories

Inventories are stated at the lower of cost and net realisable value.

Financial instruments

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

Trade receivables

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

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. The bank loans are disclosed net of unamortised loan issue costs. Costs relating to the raising of general corporate loan facilities are amortised over the estimated life of the loan and charged to the income statement as part of the interest expense.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of interest rates. The Group uses interest rate swap contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors. The policy in respect of interest rates is to maintain a balance between flexibility and the hedging of interest rate risk. Changes in the fair value of derivative financial instruments are recognised in the income statement as they arise. The Group has not adopted hedge accounting. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

Retirement benefit costs

Pension costs represent contributions payable to defined contribution schemes and are charged to as an expense to the income statement as they fall due. The assets of which are held separately from those of the Group.

Equity instruments

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

NOTES TO THE INTERIM REPORT

Six months ended 30 September 2005

1. ACCOUNTING POLICIES (continued)

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 April 2005.

The Group issues equity-settled share-based payments to certain employees. These are measured at fair value at the date of grant. The fair value determined at the grant date of the share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of an option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

2. SEGMENTAL INFORMATION

Revenue represents amounts derived from the provision of 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 and related services. These all arise in the United Kingdom.

3. FINANCE COSTS

	Six months ended 30 Sept 2005 (unaudited) £'000	Six months ended 30 Sept 2004 (unaudited) £'000	Year ended 31 March 2005 (audited) £'000
Interest on bank loans	3,695	2,459	5,747
Interest on finance lease obligations	789	807	1,605
Other interest payable	1	23	29
Fair value adjustment on interest rate swaps	573	(34)	(67)
Finance Costs	5,058	3,255	7,314

4. TAX

	Six months ended 30 Sept 2005 (unaudited) £'000	Six months ended 30 Sept 2004 (unaudited) £'000	Year ended 31 March 2005 (audited) £'000
Current tax – UK corporation tax at 30%	320	–	32
Deferred tax (see note 11)	11,495	10,164	12,663
	11,815	10,164	12,695

Corporation tax for the interim period is charged at 28%, representing the best estimate of the weighted average annual tax rate expected for the full financial year.

NOTES TO THE INTERIM REPORT

Six months ended 30 September 2005

5. ADJUSTED PROFIT BEFORE TAX

	Six months ended 30 Sept 2005 (unaudited) £'000	Six months ended 30 Sept 2004 (unaudited) £'000	Year ended 31 March 2005 (audited) £'000
Profit before tax	42,196	33,199	42,836
Gain on revaluation of investment properties	(36,789)	(29,770)	(34,976)
Fair value adjustment on interest rate swaps	573	(34)	(67)
Gains and losses on sale of assets	(8)	–	(2)
Adjusted profit before tax	5,972	3,395	7,791

6. DIVIDENDS

An interim dividend of 2.0 pence per ordinary share has been declared (30 September 2004: 0.5 pence). The ex-dividend date will be 23 November 2005 and the record date 25 November 2005 with an intended payment date of 19 December 2005. The interim dividend has not been included as a liability at 30 September 2005. The 2005 final dividend of £1,504,000 representing 1.5 pence per ordinary share was paid on 6 July 2005 and is included in the consolidated statement of changes in equity.

7. EARNINGS PER ORDINARY SHARE

	Six months ended 30 September 2005			Six months ended 30 September 2004			Year ended 31 March 2005		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	30.38	100.79	30.14	23.03	99.47	23.15	30.14	99.97	30.15
Adjustments:									
Dilutive share options		1.68	(0.49)		1.92	(0.44)		1.53	(0.46)
Diluted	30.38	102.47	29.65	23.03	101.39	22.71	30.14	101.50	29.69
Adjustments:									
Gain on investment properties	(36.79)		(35.90)	(29.77)		(29.36)	(34.98)		(34.46)
Change in fair value of interest rate swaps	0.57		0.55	(0.03)		(0.03)	(0.07)		(0.07)
Tax	10.86		10.60	8.94		8.82	10.52		10.37
Adjusted	5.02	102.47	4.90	2.17	101.39	2.14	5.61	101.50	5.53

NOTES TO THE INTERIM REPORT

Six months ended 30 September 2005

8. NON-CURRENT ASSETS

	Investment property £'000	Development property £'000	Finance lease asset £'000
At 1 April 2005	275,230	36,076	26,234
Additions	8,587	6,852	–
Reclassifications	8,764	(8,764)	–
Revaluation	36,789	–	–
At 30 September 2005	329,370	34,164	26,234

Accumulated depreciation

At 1 April 2005	575
Charge for the year	304

At 30 September 2005	879
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Net book value

At 30 September 2005	25,355
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At 31 March 2005	25,659
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	Freehold property £'000	Leasehold improvements £000	Plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings and office equipment £'000	Total £'000
Cost						
At 1 April 2005	–	37	389	19	2,834	3,279
Additions	1,472	–	25	–	275	1,772
At 30 September 2005	1,472	37	414	19	3,109	5,051

Accumulated depreciation

At 1 April 2005	–	14	120	16	1,815	1,965
Charge for the year	–	3	21	2	292	318

At 30 September 2005	–	17	141	18	2,107	2,283
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Net book value

At 30 September 2005	1,472	20	273	1	1,002	2,768
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At 31 March 2005	–	23	269	3	1,019	1,314
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NOTES TO THE INTERIM REPORT

Six months ended 30 September 2005

9. RECEIVABLES

	30 Sept 2005 (unaudited) £'000	30 Sept 2004 (unaudited) £'000	31 March 2005 (audited) £'000
Trade receivables	710	480	756
Other receivables	282	456	3,986
Prepayments and accrued income	3,330	3,317	4,154
	4,322	4,253	8,896

10. TRADE AND OTHER PAYABLES

	30 Sept 2005 (unaudited) £'000	30 Sept 2004 (unaudited) £'000	31 March 2005 (audited) £'000
Trade payables	2,635	2,887	3,623
Other taxation and social security	1,031	125	–
Other payables	2,139	1,151	1,914
Accruals and deferred income	7,662	11,106	6,161
VAT repayable under Capital Goods Scheme (see note 12)	1,494	2,479	1,886
	14,961	17,748	13,584

11. DEFERRED TAX

	30 Sept 2005 (unaudited) £'000	30 Sept 2004 (unaudited) £'000	31 March 2005 (audited) £'000
The amounts provided in the accounts are:			
Revaluation of investment properties	51,224	38,632	40,194
Capital allowances in advance of depreciation	2,608	753	1,424
Deduction for share options	(2,625)	(1,050)	(2,100)
Other items	(687)	(681)	(492)
	50,520	37,654	39,026

12a. BANK BORROWINGS

	30 Sept 2005 (unaudited) £'000	30 Sept 2004 (unaudited) £'000	31 March 2005 (audited) £'000
Bank borrowings	114,534	91,080	109,046
Unamortised loan arrangement costs	(503)	(530)	(545)
	114,031	90,550	108,501

The bank loans are secured on certain of the Group's properties.

NOTES TO THE INTERIM REPORT

Six months ended 30 September 2005

12b. OTHER PAYABLES

The Group has VAT repayable under the Capital Goods Scheme which is estimated at £12.2 million. The projected annual repayment schedule is set out below:

	Total £'000
Year ended 31 March 2006	1,494
Years ended 31 March 2007 to 31 March 2015 (9 years)	10,670
Total	12,164

13. ADJUSTED NET ASSETS PER SHARE

Analysis of net asset value

	As at 30 Sept 2005 £'000	As at 30 Sept 2004 £'000	As at 31 March 2005 £'000
Basic net asset value	188,683	147,740	159,168
Exercise of share options	6,996	7,131	7,331
Diluted net asset value	195,679	154,871	166,499
Adjustments:			
Deferred tax on revaluation	51,224	38,632	40,194
Tax on fair value of interest rate swaps	149	(56)	(46)
Adjusted net asset value	247,052	193,447	206,647
Basic net assets per share (pence)	186.8	148.7	159.0
Diluted net assets per share (pence)	180.4	143.8	154.0
Adjusted net assets per share (pence)	227.7	179.6	191.1
Shares in issue	101,639,987	100,001,506	100,725,537
Own shares held	(615,000)	(615,000)	(615,000)
Basic shares in issue used for calculation	101,024,987	99,386,506	100,110,537
Exercise of share options	7,455,422	8,340,744	8,010,329
Diluted shares used for calculation	108,480,409	107,727,250	108,120,866

Net assets per share are shareholders' funds divided by the number of shares at the period end. The shares currently held in the Group's employee benefits trust (own shares held) are excluded from both net assets and the number of shares.

Adjusted net assets per share include:

- > the effect of those shares issuable under employee share option schemes;
- > deferred tax on the revaluation uplift on freehold and leasehold properties; and
- > tax on the fair value adjustment on interest rate swaps

NOTES TO THE INTERIM REPORT

Six months ended 30 September 2005

14. VALUATIONS

£'000	Historical cost	Accumulated depreciation	Net book value	Valuation	Revaluation on net book value
Freehold Stores					
As at 1 April 2005	128,037	5,136	122,901	223,760	100,859
Movement in period	17,482	–	17,482	51,060	33,578
As at 30 Sept 2005	145,519	5,136	140,383	274,820	134,437
Leasehold Stores					
As at 1 April 2005	20,912	2,562	18,350	51,470	33,120
Movement in period	(131)	–	(131)	3,080	3,211
As at 30 Sept 2005	20,781	2,562	18,219	54,550	36,331
All Stores					
As at 1 April 2005	148,949	7,698	141,251	275,230	133,979
Movement in period	17,351	–	17,351	54,140	36,789
As at 30 Sept 2005	166,300	7,698	158,602	329,370	170,768

The freehold and leasehold trading properties have been valued as at 30 September 2005 by External Valuers, Cushman & Wakefield Healey & Baker, Real Estate Consultants (“C&W/H&B”). The valuation has been carried out in accordance with the RICS Appraisal and Valuation Standards published by The Royal Institution of Chartered Surveyors (“the Red Book”). The valuation of each of the trading properties has been prepared on the basis of Market Value as a fully equipped operational entity, having regard to trading potential. The valuation has been provided for accounts purposes and as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, C&W/H&B have confirmed that:

- > The members of the RICS who have been the signatories to the valuations provided to the Company for the same purposes as this valuation have done so since September 2004.
- > C&W/H&B have continuously been carrying out this valuation for the same purposes as this valuation on behalf of the Company since September 2004.
- > C&W/H&B do not provide other significant professional or agency services to the Company.
- > In relation to the preceding financial year of C&W/H&B, the proportion of the total fees payable by the Company to the total fee income of the firm is less than 5%.

NOTES TO THE INTERIM REPORT

Six months ended 30 September 2005

15. MOVEMENT ON RESERVES

	Share capital £'000	Share premium account £'000	Reserves £'000	Total £'000
Balance at 1 April 2005	10,073	2,390	146,705	159,168
Profit for the period	–	–	30,381	30,381
Dividend	–	–	(1,502)	(1,502)
Issue of share capital	118	406	–	524
Equity share options	–	–	112	112
Balance at 30 September 2005	10,191	2,796	175,696	188,683

16 EXPLANATION OF THE TRANSITION TO IFRS

The year ending 31 March 2006 is the first year that the Group is presenting its financial statements under IFRS. The last financial statements presented under UK GAAP were for the year ended 31 March 2005. As IFRS comparative figures must be prepared for the year ended 31 March 2005, the date of transition to IFRS was 1 April 2004. Reconciliations of equity at 31 March 2005 and profit for the year ended 31 March 2005 reported under UK GAAP and IFRS, and explanations of the main adjustments have previously been published and are available on the Company's website, www.bigyellow.co.uk. Reconciliations are presented below between previously reported interim and full year UK GAAP figures and restated figures under IFRS. IFRS1 'First-time Adoption of International Financial Reporting Standards' requires an explanation of major adjustments to cash flows under IFRS. Whilst the format of the cash flow statement is different from UK GAAP, there are no material changes to cash flow from operations, investment or financing.

16a. RECONCILIATION OF EQUITY PREVIOUSLY REPORTED UNDER UK GAAP TO EQUITY UNDER IFRS

	30 Sept 2004 (unaudited) £'000	31 March 2005 (audited) £'000
Equity shareholders' funds under UK GAAP	58,338	58,679
IFRS adjustments:		
Goodwill amortisation	49	97
Proposed dividend	500	1,512
Deferred tax	(38,139)	(38,727)
Fair value adjustment on interest rate swaps	(187)	(153)
Investment property	127,179	137,760
Net IFRS adjustments	89,402	100,489
Equity shareholders' funds under IFRS	147,740	159,168

NOTES TO THE INTERIM REPORT

Six months ended 30 September 2005

16b. RECONCILIATION OF PROFIT PREVIOUSLY REPORTED UNDER UK GAAP TO PROFIT UNDER IFRS

	30 Sept 2004 (unaudited) £'000	31 March 2005 (audited) £'000
Profit for the period under UK GAAP	987	2,522
IFRS adjustments:		
Share options	(40)	(82)
Goodwill amortisation	49	97
Deferred tax	(9,436)	(11,164)
Fair value adjustment on interest rate swaps	23	67
Investment property	31,452	38,701
Net IFRS adjustments	22,048	27,619
Profit for the period under IFRS	23,035	30,141

INDEPENDENT REVIEW REPORT TO BIG YELLOW GROUP PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 September 2005 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in shareholders equity, the consolidated cash flow statement and the associated notes 1 to 16. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 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 them 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

International Financial Reporting Standards

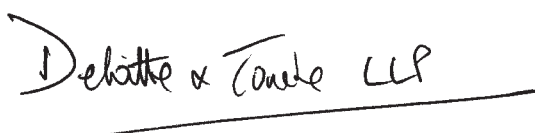
As disclosed in note 1, the next annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards as adopted for use in the EU. Accordingly, the interim report has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules. The accounting policies are consistent with those that the directors intend to use in the annual financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with IFRS as adopted for use in the EU.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2005.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style. Below the signature is a single horizontal line.

Deloitte & Touche LLP

Chartered Accountants
London
14 November 2005



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