Big Yellow Group PLC
Interim 2006

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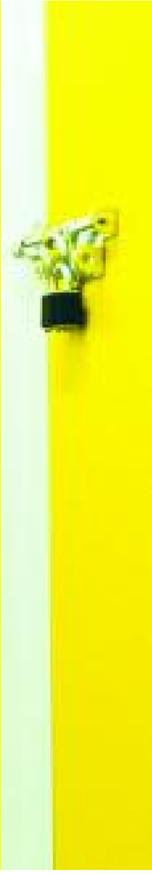

www.bigyellow.co.uk

Financial Highlights

	Second quarter ended 30 Sept 2006	First quarter ended 30 June 2006		Six months ended 30 Sept 2006	Six months ended 30 Sept 2005	
Annualised revenue*	**£50.0m**	£47.6m	+5%	**£50.0m**	£42.7m	+17%
Revenue	**£12.8m**	£11.6m	+10%	**£24.4m**	£20.3m	+20%
Profit before tax				**£58.8m**	£42.2m	+39%
Adjusted profit before tax[(1)]				**£7.0m**	£6.0m	+17%
Basic earnings per share				**38.37p**	30.14p	+27%
Adjusted earnings per share[(2)]				**4.47p**	4.90p	-9%
Adjusted NAV per share[(3)]				**347.3p**	227.7p	+53%
Interim dividend				**3.5p**	2.0p	+75%
Occupied space	**1,792,000 sq ft**	1,740,000 sq ft	+3%	**1,792,000 sq ft**	1,649,000 sq ft	+9%

(1) See note 5 (2) See note 7 (3) See note 13

* Based on revenue at the end of the period in respect of storage and other related income

- > Revenue increase of 20% to **£24.4 million** over same period last year (2005: £20.3 million)
- > Adjusted profit before tax[(1)] of **£7.0 million** up 17% (2005: £6.0 million)
- > Adjusted net assets per share[(3)] up significantly to **347.3 pence** as at 30 September 2006 from 297.0 pence as at 31 March 2006
- > Interim dividend increased to **3.5 pence** per ordinary share (2005: 2.0 pence)
- > 42 stores open with a further 19 committed, providing **3.73 million sq ft** of self storage space when completed; four opened in the period, with Edmonton opening after the period end
- > Acquired **seven** freehold sites in the period for redevelopment as self storage centres
  – Four in London at Merton, Richmond, Bromley and Eltham
  – One each in Sheffield, Poole and High Wycombe
- > Packing materials, insurance and other sales were **£3.2 million** (2005: £2.6 million)

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Portfolio Summary

Years since opening as at 1 April 2006	September 2006 ≥ 2 years	September 2006 < 2 years	**September 2006 Total**	September 2005 ≥ 2 years	September 2005 < 2 years	September 2005 Total
Number of stores	30	11	**41**	30	5	35
As at 30 September 2006						
Total capacity (sq ft)	1,798,000	654,000	**2,452,000**	1,798,000	313,000	2,111,000
Occupied space (sq ft)	1,539,000	253,000	**1,792,000**	1,539,000	110,000	1,649,000
Percentage occupied	86%	39%	**73%**	86%	35%	78%
	£'000	£'000	**£'000**	£'000	£'000	£'000
Annualised revenue	42,800	7,223	**50,023**	39,944	2,784	42,728
For the 6 month period:						
Av. occupancy	86%	32%	**72%**	83%	25%	74%
Av. annual rent psf	£23.77	£22.94	**£23.54**	£22.42	£19.19	£22.38
Self storage sales	18,379	2,400	**20,779**	16,731	751	17,482
Other storage related income[1]	2,680	570	**3,250**	2,369	220	2,589
Development/tenant income	38	381	**419**	48	157	205
Total revenue	21,097	3,351	**24,448**	19,148	1,128	20,276
Direct store operating costs (excluding depreciation)	(6,592)	(1,983)	**(8,575)**	(6,296)	(743)	(7,039)
Short leasehold rent[2]	(1,114)	–	**(1,114)**	(1,093)	–	(1,093)
Store EBITDA[3]	13,391	1,368	**14,759**	11,759	385	12,144
EBITDA Margin[4]	63%	41%	**60%**	61%	34%	60%
Central overhead[5]	(1,255)	(329)	**(1,584)**	(1,139)	(202)	(1,341)
Store Net Operating Income	12,136	1,039	**13,175**	10,620	183	10,803
NOI margin	58%	31%	**54%**	55%	16%	53%

Capital expenditure	£m	£m	**£m**
To 30 September 2006	145.1	69.0	**214.1**
Cost to complete	–	4.0	**4.0**
Total projected cost	145.1	73.0	**218.1**

(1) Packing materials, insurance and other storage related fees.
(2) Rent for 9 short 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 £3.45 million and EBITDA margin of 50%. 21 freeholds achieved a store EBITDA of £9.94 million and EBITDA margin of 70%.
(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 2006. We are pleased with the Group's performance over the first half year of this financial year, which is in line with market expectations. We continue to expand our pipeline with seven site acquisitions in the period.

Financial Results

Revenue for the period was £24.4 million, up 20% from the £20.3 million achieved in the comparable period last year. Revenue for the second quarter of £12.8 million was 10% up on the £11.6 million reported for the quarter to 30 June. An important milestone was achieved as the underlying revenue on an annualised basis topped £50 million for the first time, up 17% (2005: £42.7 million).

Profit before tax in the period was £58.8 million up from £42.2 million. 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 £7.0 million, up 17% from £6.0 million for the same period last year.

Profit before Tax Analysis	**Six months to 30 Sept 2006 £m**	Six months to 30 Sept 2005 £m	Year ended 31 March 2006 £m
Profit before tax	**58.8**	42.2	118.5
Less gain on revaluation of investment properties	**(51.5)**	(36.8)	(106.2)
(Less)/add fair value movement on interest rate swaps	**(0.3)**	0.6	0.2
(Gains)/losses on sale of non-current assets	**–**	–	0.1
Adjusted profit before tax	**7.0**	6.0	12.6

Cash generated from operations rose to £16.9 million, an increase of 46% (2005: £11.6 million).

In July of this year the Group placed 9.1 million shares at 400 pence per share raising approximately £35.8 million (net of expenses) to fund expansion and pay for the cost of conversion to a Real Estate Investment Trust ("REIT").

Net bank debt of £156.3 million at the period end represents 28% of the Group's investment and development property assets, totalling £562.0 million and 38% of adjusted net assets of £410.2 million.

REITs

In our year end report published on 16 May 2006, we indicated that the Group was favourably considering a conversion into a Real Estate Investment Trust ("REIT") subject to clarification of the rules and regulations, the majority of which have now been published. We anticipate further guidance being published over the coming weeks.

The process of conversion to a REIT is on a self assessment basis and therefore by definition it is incumbent on the converting Group to ensure it complies with the conditions laid out in the legislation.

In the light of this, and following extensive advice from our tax advisors, our lawyers and leading Queen's Counsel, we are of the view that Big Yellow does comply and the Group intends therefore to convert early in the New Year. However, there remains one material outstanding issue on which there are ongoing discussions with HMRC and we hope to receive further clarification shortly.

The Board believes that conversion is an important step in the evolution of the Group, that timing is of the essence in conversion and that pursuant to the professional advice received, the Group should succeed in its ambitions.

The conversion charge to REIT status is estimated to be approximately £11.2 million, based on current valuations and on conversion the deferred tax provision in the balance sheet would be released.

In connection with its conversion to a REIT the Company will need to amend its Articles of Association for technical reasons. An EGM circular will be sent to shareholders explaining the reasons for these changes and requesting approval.

Dividend

The Board has reviewed its dividend policy and has decided to significantly increase the interim dividend to 3.5 pence per share (2005: 2.0 pence) for the current year. The ex-dividend date will be 29 November and the record date 1 December with an intended payment date of 22 December.

Future dividend policy will be governed by our REIT regulatory requirements which determine the level of property income dividend ("PID"), with any ordinary dividend in excess of this assessed by the Board based on prevailing circumstances and the outlook for the Group. As stated in our placing announcement in July, the Board's intention in a REIT regime would be to pay a total dividend in excess of the minimum PID required under the regulations. Dividends will be set based on 90% of qualifying post depreciation earnings, without further deduction for additional shadow capital allowances.

Valuation and Net Asset Value

The Group's investment properties have been valued by Cushman and Wakefield (C&W). At 30 September 2006 the total value of the Group's properties was £581.0 million, comprising £489.8 million for the 41 storage centres which were open at the period end, £72.2 million for sites held for development and £19.0 million of surplus land held for sale. The properties held for development and sale are held at historical cost less provision for impairment and have not been externally valued.

The valuation translates into an adjusted net asset value of 347.3 pence per share (see note 13), up 53% from 227.7 pence per share last year and 17% from 297.0 pence per share at 31 March 2006.

The value of the investment property portfolio at 30 September 2006 was £489.8 million, up £79.3 million from £410.5 million at 31 March 2006. The increase in valuation of the same store portfolio is £27.4 million representing a 7% total uplift, of which we estimate 3% is a function of capital growth and 4% operational performance. The balance of £51.9 million is the valuation of new stores opened in the period – Bristol South, Finchley East, Tunbridge Wells and Kingston – comprising capital expenditure of £26.8 million and a revaluation uplift of £25.1 million.

The net yield on the portfolio based on the net operating income at store level in the first year after the projected stabilisation of each store is 7.34% (March 2006: 7.49%). We believe that this continues to offer attractive value when set against the September 2006 IPD UK All Property Yield of 5.51% (March 2006: 5.84%) and the 4% average annual net storage rent increases over the last four years. Furthermore, over the same period mature net operating income margins have increased from 48% to 58%.

It is worth noting that external valuations are taken on the basis of a purchaser acquiring investment property as a direct property purchase and incurring 5.75% acquisition costs. In practice we believe that it is unlikely that these branded Big Yellow stores will be bought other than in a corporate structure.

Analysis of Net Asset Value	**As at 30 Sept 2006 £'000**	As at 30 Sept 2005 £'000	As at 31 March 2006 £'000
Basic net asset value	**319.4**	188.7	244.3
Exercise of share options	**3.3**	7.0	5.8
Diluted net asset value	**322.7**	195.7	250.1
Adjustments:			
Deferred tax on revaluation surpluses	**87.5**	51.2	72.1
Tax on fair value of interest rate swaps	**–**	0.1	–
Adjusted net asset value	**410.2**	247.0	322.2
Diluted net assets per share (pence)	**273.2**	180.4	230.5
Adjusted net assets per share (pence)	**347.3**	227.7	297.0
Diluted shares used for calculation (million)	**118.1**	108.5	108.5

Property

We are on schedule in respect of property acquisitions, with seven sites acquired in the year to date, four in London at Merton, Richmond, Bromley and Eltham and a further three in Sheffield, Poole and High Wycombe.

There are now 19 stores in the pipeline which when fully developed will represent an additional 1.2 million square feet and when open will provide the Group with a total of 61 stores and 3.73 million square feet. We have planning permissions on four of the 19 pipeline stores and are in negotiations on the remaining 15. 61% of our total stores and sites are located within the M25 and 52 are freehold or long leasehold. Our storage centre in Gloucester is due to open in December bringing to six the expected number of openings this financial year.

Barriers to entry remain high with a competitive property market and an increasingly bureaucratic and lengthy planning process.

International Franchise

I am pleased to announce that in October we signed our first International Franchise Agreement for the United Arab Emirates with Big Yellow FZ LLC, a privately backed business set up to exploit the opportunities for development of a network of Big Yellow stores in the Gulf Cooperation Council states. The site for the first store in Dubai has been acquired to develop a 300,000 sq ft Big Yellow Self Storage centre, which is expected to open in Spring 2008. As is typical of franchise structures, we are not investing capital in this business but providing operating know-how and the licensing of the Big Yellow brand for an upfront fee and a share of future revenues.

We are now reviewing other opportunities to expand the business internationally using this franchise model and have taken steps to protect the trademark in selected territories.

Stores and the Market

At the period end occupied space represented 1,792,000 sq ft, up 9% from 1,649,000 sq ft at the same time last year. This represents a 73% occupancy rate across all 41 stores open at the period end. During the period we opened storage centres in Tunbridge Wells, Finchley East, Bristol South and Kingston, with a further centre in Edmonton opening in October. We have included, as usual, a table summarising the performance of all our stores over the year, this can be found on page 1.

The portfolio of 30 stores that were open for more than two years at the beginning of the period was 86% occupied at the end of the year, with an average occupancy during the year of 86%. In addition, these 30 stores achieved EBITDA margins of 63% and after an allocation of central overhead, net operating income margins of 58%.

Same store revenue for these 30 stores increased 10% year-on-year, of which 7% is a result of yield improvement and the balance is occupancy growth.

Outlook

The key drivers for this business, including rising population, increased mobility, increased urbanisation, restrictive planning policies, high household formation and a lack of space, continue to drive demand, and in that we remain fundamentally confident.

We remain alert to other factors such as the state of the housing market, consumer confidence, the general state of the economy and interest rates.

We believe the Group remains well positioned both defensively and from an expansionary perspective with strong cash flow, relatively low indebtedness, a growing and recognisable brand and a strong pipeline of future stores. We look forward to the future with confidence.

Nicholas Vetch
Chairman

Consolidated Income Statement

Six months ended 30 September 2006

	Note	**Six months ended 30 Sept 2006 (unaudited) £'000**	Six months ended 30 Sept 2005 (unaudited) £'000	Year ended 31 March 2006 (audited) £'000
Revenue	2	**24,448**	20,276	41,889
Cost of sales		**(9,008)**	(7,660)	(15,519)
Gross profit		**15,440**	12,616	26,370
Administrative expenses		**(2,608)**	(2,261)	(4,725)
Operating profit before gain on investment properties		**12,832**	10,355	21,645
Gain on the revaluation of investment properties		**51,447**	36,789	106,218
Operating profit		**64,279**	47,144	127,863
Gains/(losses) on the sale of non-current assets		**23**	8	(52)
Investment income		**413**	102	135
Finance costs	3	**(5,909)**	(5,058)	(9,399)
Profit before taxation		**58,806**	42,196	118,547
Taxation	4	**(17,698)**	(11,815)	(35,112)
Profit for the period (attributable to equity shareholders)		**41,108**	30,381	83,435
Dividends paid	6	**3,066**	1,502	3,541
Basic earnings per share	7	**38.37p**	30.14p	82.10p
Diluted earnings per share	7	**37.81p**	29.65p	80.47p

Adjusted earnings per share are shown in note 7.

All items in the income statement relate to continuing operations.

Consolidated Balance Sheet

30 September 2006

	Note	**30 Sept 2006 (unaudited) £'000**	30 Sept 2005 (unaudited) £'000	31 March 2006 (audited) £'000
Non-current assets				
Investment property	*8*	**489,850**	329,370	410,470
Development property	*8*	**72,171**	34,164	57,988
Interest in leasehold properties	*8*	**26,259**	25,355	26,647
Plant, equipment and owner-occupied property	*8*	**3,136**	2,768	3,036
Goodwill		**1,433**	1,433	1,433
		592,849	393,090	499,574
Non-current assets classified as held for sale		**19,000**	3,757	6,300
Current assets				
Inventories		**363**	322	338
Trade and other receivables	*9*	**7,638**	4,322	6,009
Derivative financial instruments		**178**	–	–
Cash and cash equivalents		**35,960**	3,081	14,193
		44,139	7,725	20,540
Total assets		**655,988**	404,572	526,414
Current liabilities				
Trade and other payables	*10*	**(21,488)**	(14,961)	(20,122)
Derivative financial instruments		**–**	(496)	(142)
Current tax liabilities		**–**	(352)	–
		(21,488)	(15,809)	(20,264)
Non-current liabilities				
Bank borrowings	*12*	**(191,429)**	(113,535)	(155,608)
Deferred tax liabilities	*11*	**(89,766)**	(50,520)	(70,580)
Obligations under finance leases		**(26,259)**	(25,355)	(26,647)
Other payables	*10*	**(7,674)**	(10,670)	(8,996)
		(315,128)	(200,080)	(261,831)
Total liabilities		**(336,616)**	(215,889)	(282,095)
Net assets		**319,372**	188,683	244,319
Equity				
Called up share capital	*15*	**11,443**	10,191	10,275
Share premium account	*15*	**40,824**	2,796	3,668
Reserves	*15*	**267,105**	175,696	230,376
Equity shareholders' funds		**319,372**	188,683	244,319

Consolidated Statement of Changes in Equity

Six months ended 30 September 2006

	Six months ended 30 Sept 2006 (unaudited) £'000	Six months ended 30 Sept 2005 (unaudited) £'000	Year ended 31 March 2006 (audited) £'000
Opening equity shareholders' funds	**244,319**	159,168	159,168
Issue of shares	**38,324**	524	1,480
Share-based employee remuneration	**148**	112	220
	282,791	159,804	160,868
Profit for the period	**41,108**	30,381	83,435
Current and deferred tax recognised in equity	**(1,461)**	–	3,557
	322,438	190,185	247,860
Dividends	**(3,066)**	(1,502)	(3,541)
Closing equity shareholders' funds	**319,372**	188,683	244,319

Consolidated Cash Flow Statement

Six months ended 30 September 2006

	Six months ended 30 Sept 2006 (unaudited) £'000	Six months ended 30 Sept 2005 (unaudited) £'000	Year ended 31 March 2006 (audited) £'000
Operating profit	**64,279**	47,144	127,863
Gain on the revaluation of investment properties	**(51,447)**	(36,789)	(106,218)
Depreciation	**703**	622	1,288
Share-based employee remuneration	**148**	112	220
Increase in inventories	**(25)**	(68)	(84)
Decrease/(increase) in receivables	**685**	863	(825)
Increase/(decrease) in payables	**2,589**	(329)	3,156
Cash generated from operations	**16,932**	11,555	25,400
Interest paid	**(5,492)**	(5,533)	(9,422)
Interest received	**264**	113	147
Cash flows from operating activities	**11,704**	6,135	16,125
Investing activities			
Sale of non-current assets	**–**	4,490	7,619
Purchase of non-current assets	**(61,195)**	(18,688)	(61,269)
Cash flows from investing activities	**(61,195)**	(14,198)	(53,650)
Financing activities			
Issue of share capital	**38,324**	524	1,480
Equity dividends paid	**(3,066)**	(1,502)	(3,541)
Increase in borrowings	**36,000**	5,743	47,400
Cash flows from financing activities	**71,258**	4,765	45,339
Net increase/(decrease) in cash and cash equivalents	**21,767**	(3,298)	7,814
Opening cash and cash equivalents	**14,193**	6,379	6,379
Closing cash and cash equivalents	**35,960**	3,081	14,193

Reconciliation of Net Cash Flow to Movement in Net Debt

Six months ended 30 September 2006

	Six months ended 30 Sept 2006 (unaudited) £'000	Six months ended 30 Sept 2005 (unaudited) £'000	Year ended 31 March 2006 (audited) £'000
Net increase/(decrease) in cash and cash equivalents in the period	**21,767**	(3,298)	7,814
Cash inflow from increase in debt financing	**(36,000)**	(5,743)	(47,400)
Change in net debt resulting from cash flows	**(14,233)**	(9,041)	(39,586)
Movement in net debt in the period	**(14,233)**	(9,041)	(39,586)
Net debt at start of period	**(142,100)**	(102,514)	(102,514)
Net debt at end of period	**(156,333)**	(111,555)	(142,100)

1. ACCOUNTING POLICIES

Basis of preparation

The results for the half-year ended 30 September 2006 are unaudited and were approved by the Board on 22 November 2006. The financial information contained in this report does not constitute statutory accounts within the meaning of the section 240 of the Companies Act 1985. The full accounts for the year ended 31 March 2006, which received an unqualified report from the auditors, and did not contain a statement under S.237(2) or (3) of the Companies Act 1985, have been filed with the Registrar of Companies.

The interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting".

The unaudited information in the interim financial statements has been prepared on the basis of the accounting policies set out in the 2006 Big Yellow Group PLC Annual Report and Accounts.

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.

Total revenue for the period was £24.4 million (2005: £20.3 million). Revenue from self storage accommodation was £20.7 million in the period (2005: £17.5 million), £3.2 million came from other storage related income such as sales of packaging materials and insurance (2005: £2.6 million) and £0.5 million came from non-storage related income (2005: £0.2 million).

Further analysis of the Group's operating revenue and costs can be found in the Portfolio Summary on page 1.

3. FINANCE COSTS

	Six months ended 30 Sept 2006 (unaudited) £'000	Six months ended 30 Sept 2005 (unaudited) £'000	Year ended 31 March 2006 (audited) £'000
Interest on bank borrowings	**5,413**	3,695	7,579
Other interest payable	**19**	1	26
Interest on finance lease obligations	**797**	789	1,574
Change in fair value of interest rate swaps	**(320)**	573	220
Finance Costs	**5,909**	5,058	9,399

4. TAX

	Six months ended 30 Sept 2006 (unaudited) £'000	Six months ended 30 Sept 2005 (unaudited) £'000	Year ended 31 March 2006 (audited) £'000
Current tax – UK corporation tax at 30%	**2,605**	320	1,133
Deferred tax	**15,093**	11,495	33,979
	17,698	11,815	35,112

In addition to the current period income statement tax charge of £17.7 million, there is an overall debit to reserves of £1.5 million. This consists of a credit for the current tax deduction of £2.6 million and a charge of £4.1 million in respect of the reduction in the deferred tax asset arising on potential future deductions under Schedule 23.

5. ADJUSTED PROFIT BEFORE TAX

	Six months ended 30 Sept 2006 (unaudited) £'000	Six months ended 30 Sept 2005 (unaudited) £'000	Year ended 31 March 2006 (audited) £'000
Profit before tax	**58,806**	42,196	118,547
Gain on revaluation of investment properties	**(51,447)**	(36,789)	(106,218)
Change in fair value of interest rate swaps	**(320)**	573	220
(Gains)/losses on sale of non-current assets	**(23)**	(8)	52
Adjusted profit before tax	**7,016**	5,972	12,601

Adjusted profit before tax, excluding gains on revaluation of investment properties, changes in fair value of interest rate swaps and gains or losses on the sale of non-current assets, has been disclosed to give a clearer understanding of the Group's underlying performance.

6. DIVIDENDS

An interim dividend of 3.5 pence per ordinary share has been declared (2005: 2.0 pence). The ex-dividend date will be 29 November 2006 and the record date 1 December 2006 with an intended payment date of 22 December 2006. The interim dividend has not been included as a liability at 30 September 2006. The 2006 final dividend of £3,066,000 representing 3.0 pence per ordinary share was paid on 12 July 2006 and is included in the consolidated statement of changes in equity.

7. EARNINGS PER ORDINARY SHARE

	Six months ended 30 September 2006			Six months ended 30 September 2005			Year ended 31 March 2006		
	Earnings £m	Shares Million	Pence per share	Earnings £m	Shares Million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	**41.11**	**107.15**	**38.37**	30.38	100.79	30.14	83.44	101.62	82.10
Adjustments:									
Dilutive share options		**1.57**	**(0.56)**		1.68	(0.49)		2.07	(1.63)
Diluted	**41.11**	**108.72**	**37.81**	30.38	102.47	29.65	83.44	103.69	80.47
Adjustments:									
Gain on investment properties	**(51.45)**		**(47.32)**	(36.79)		(35.90)	(106.22)		(102.44)
Change in fair value of interest rate swaps	**(0.32)**		**(0.29)**	0.57		0.55	0.22		0.21
(Gain)/loss on sale of non-current assets	**(0.02)**		**(0.02)**	(0.01)		(0.01)	0.05		0.05
Tax	**15.54**		**14.29**	10.87		10.61	31.78		30.65
Adjusted	**4.86**	**108.72**	**4.47**	5.02	102.47	4.90	9.27	103.69	8.94

The adjustment for gains and losses on sale of non-current assets has been included for consistency with the calculation of adjusted profit before tax (see note 5).

8. NON-CURRENT ASSETS

a) Investment property, Development property and Interests in leasehold properties

	Investment property £'000	Development property £'000	Interest in leasehold properties £'000
At 1 April 2006	410,470	57,988	26,647
Additions	1,062	41,054	–
Reclassifications	26,871	(26,871)	–
Revaluation	51,447	–	–
Depreciation	–	–	(388)
At 30 September 2006	**489,850**	**72,171**	**26,259**

8. NON-CURRENT ASSETS (continued)

b) Plant equipment and owner occupied property

	Freehold property £'000	Leasehold improvements £'000	Plant and machinery £'000	Fixtures, fittings and office equipment £'000	Total £'000
Cost					
At 1 April 2006	1,770	17	451	3,396	5,634
Additions	–	–	49	366	415
At 30 September 2006	**1,770**	**17**	**500**	**3,762**	**6,049**
Accumulated Depreciation					
At 1 April 2006	(6)	(17)	(158)	(2,417)	(2,598)
Charge for the period	(7)	–	(21)	(287)	(315)
At 30 September 2006	**(13)**	**(17)**	**(179)**	**(2,704)**	**(2,913)**
Net book value					
At 30 September 2006	**1,757**	**–**	**321**	**1,058**	**3,136**
At 31 March 2006	1,764	–	293	979	3,036

9. TRADE AND OTHER RECEIVABLES

	30 Sept 2006 (unaudited) £'000	30 Sept 2005 (unaudited) £'000	31 March 2006 (audited) £'000
Trade receivables	**1,322**	710	1,042
Other receivables	**2,499**	282	284
Prepayments and accrued income	**3,817**	3,330	4,683
	7,638	4,322	6,009

10. TRADE AND OTHER PAYABLES

	30 Sept 2006 (unaudited) £'000	30 Sept 2005 (unaudited) £'000	31 March 2006 (audited) £'000
Current			
Trade payables	**2,822**	2,635	4,835
Other payables	**5,393**	3,170	1,855
Accruals and deferred income	**11,778**	7,662	11,760
VAT repayable under Capital Goods Scheme	**1,495**	1,494	1,672
	21,488	14,961	20,122
Non-current			
VAT repayable under Capital Goods Scheme	**7,674**	10,670	8,996

11. DEFERRED TAX

	30 Sept 2006 (unaudited) £'000	30 Sept 2005 (unaudited) £'000	31 March 2006 (audited) £'000
The amounts provided in the accounts are:			
Revaluation of investment properties	**87,493**	51,224	72,059
Capital allowances in advance of depreciation	**3,579**	2,608	3,674
Deduction for share options	**(454)**	(2,625)	(4,547)
Other items	**(852)**	(687)	(606)
	89,766	50,520	70,580

12. BANK BORROWINGS

	30 Sept 2006 (unaudited) £'000	30 Sept 2005 (unaudited) £'000	31 March 2006 (audited) £'000
Bank borrowings	**192,259**	114,038	156,293
Unamortised loan arrangement costs	**(830)**	(503)	(685)
	191,429	113,535	155,608

The bank loans are secured on certain of the Group's properties. Additional drawings of £36,000,000 were made during the period. A loan of £16,293,000 included in the above was repaid on 23 October 2006.

13. ADJUSTED NET ASSETS PER SHARE

Analysis of net asset value	**As at 30 Sept 2006 £'000**	As at 30 Sept 2005 £'000	As at 31 March 2006 £'000
Basic net asset value	**319,372**	188,683	244,319
Exercise of share options	**3,346**	6,996	5,839
Diluted net asset value	**322,718**	195,679	250,158
Adjustments:			
Deferred tax on revaluation	**87,493**	51,224	72,059
Tax on fair value of interest rate swaps	**(53)**	149	43
Adjusted net asset value	**410,158**	247,052	322,260
Basic net assets per share (pence)	**280.6**	186.8	239.2
Diluted net assets per share (pence)	**273.2**	180.4	230.5
Adjusted net assets per share (pence)	**347.3**	227.7	297.0
Shares in issue	**114,437,110**	101,639,987	102,752,607
Own shares held	**(615,000)**	(615,000)	(615,000)
Basic shares in issue used for calculation	**113,822,110**	101,024,987	102,137,607
Exercise of share options	**4,282,645**	7,455,422	6,368,227
Diluted shares used for calculation	**118,104,755**	108,480,409	108,505,834

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.

14. VALUATIONS

£'000	Deemed Cost	Valuation	Revaluation on deemed cost
Freehold Stores*			
As at 1 April 2006	151,985	349,400	197,415
Movement in period	27,761	77,610	49,849
As at 30 Sept 2006	**179,746**	**427,010**	**247,264**
Leasehold Stores			
As at 1 April 2006	18,288	61,070	42,782
Movement in period	173	1,770	1,597
As at 30 Sept 2006	**18,461**	**62,840**	**44,379**
All Stores			
As at 1 April 2006	170,273	410,470	240,197
Movement in period	27,933	79,380	51,447
As at 30 Sept 2006	**198,206**	**489,850**	**291,644**

* Includes one long leasehold property

The freehold and leasehold investment properties have been valued as at 30 September 2006 by external valuers, Cushman & Wakefield, Real Estate Consultants ("C&W"). 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 investment 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 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 have continuously been carrying out this valuation for the same purposes as this valuation on behalf of the Company since September 2004.

> C&W do not provide other significant professional or agency services to the Company.

> In relation to the preceding financial year of C&W, the proportion of the total fees payable by the Company to the total fee income of the firm is less than 5%.

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

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

14. VALUATIONS (continued)

Assumptions

A. Net operating income is based on projected revenue received less projected operating costs together with a central administration charge representing 6% of the estimated annual revenue. The initial net operating income is calculated by estimating the net operating income in the first 12 months following the valuation date.

B. The net operating income in future years is calculated assuming straight-line absorption from day one actual occupancy to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the 41 stores (both freeholds and leaseholds) open at 30 September 2006 averages 86.06% (March 2006: 85.98%; September 2005: 85.74%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth.

C. The capitalisation rates applied to existing and future net cash flow have been estimated by reference to underlying yields for industrial and retail warehouse property, bank base rates, ten year money rates, inflation and the available evidence of transactions in the sector. On average, for all 41 stores, the yield (net of purchaser's costs) arising from the first year of the projected cash flow is 5.77% (March 2006: 6.01%; September 2005: 7.09%). This rises to 7.34% (March 2006: 7.49%; September 2005: 8.37%) based on the projected cash flow for the first year following estimated stabilisation in respect of each property.

D. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) is 10.39% (March 2006: 10.59%; September 2005: 11.05%).

E. Purchaser's costs of 5.75% have been assumed initially and sale plus purchaser's costs totalling 7.75% are assumed on the notional sales in the tenth year in relation to the freehold stores.

Leasehold

The same methodology has been used as for freeholds, except that no sale of the assets in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease. The average unexpired term of the Group's leaseholds is 19.3 years (March 2006: 19.8 years; September 2005: 20.3 years).

15. MOVEMENT ON RESERVES

	Share capital £'000	Share premium account £'000	Reserves £'000	Total £'000
At 1 April 2006	10,275	3,668	230,376	244,319
Profit for the period	–	–	41,108	41,108
Current/deferred tax	–	–	(1,461)	(1,461)
Dividend	–	–	(3,066)	(3,066)
Issue of shares	1,168	37,156	–	38,324
Equity share options	–	–	148	148
At 30 September 2006	**11,443**	**40,824**	**267,105**	**319,372**

On 10 July the Group raised £35.8 million net of expenses through the placing of 9.1 million ordinary shares at a placing price of 400 pence per share. In addition a total of 2,584,503 shares were issued to satisfy share options exercised during the period.

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 2006 which comprise the Group income statement, the Group balance sheet, the Group statement of changes in equity, the Group cash flow statement, the reconciliation of net cash flow to movement in net debt and related notes 1 to 15. 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 and the requirements of IAS 34 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.

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 2006.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants
London
22 November 2006

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