



18 November 2008

Big Yellow Group PLC
 (“Big Yellow”, “the Group” or “the Company”)

Results for the Six Months and Second Quarter ended 30 September 2008

Big Yellow Group PLC, the UK’s leading self storage brand, is pleased to announce results for the six months and for the second quarter ended 30 September 2008.

	Six months ended 30 September 2008	Six months ended 30 September 2007 Restated ⁴	Change
Revenue	£30.1m	£28.6m	5%
EBITDA pre non-recurring items and valuation movements ¹	£15.5m	£14.5m	7%
Adjusted profit before tax ¹	£6.9m	£7.8m	(12%)
(Loss)/profit before tax	(£54.3m)	£46.8m	(216%)
Basic (loss)/earnings per share	(47.46p)	40.57p	(217%)
Adjusted earnings per share ²	5.76p	6.35p	(9%)
Adjusted NAV per share ³	465.9p	472.4p	(1%)
Interim ordinary dividend	nil	4.0p	
Occupied space	1,807,000 sq ft	1,888,000 sq ft	(4%)

¹ See note 6 ² See note 8 ³ See note 14 ⁴ See note 1

- Revenue increase of 5% to £30.1 million over same period last year (2007: £28.6 million)
- Revenue for the second quarter increased by 8% to £15.6 million from the first quarter (£14.5 million)
- EBITDA pre non-recurring items and valuation movements up £1 million (7%) to £15.5 million
- Adjusted profit before tax of £6.9 million down 12% (2007: £7.8 million) as a result of increased interest costs
- Adjusted net assets per share down 10.5% to 465.9 pence as at 30 September 2008 from 520.8 pence as at 31 March 2008 and down 1% from 472.4 pence as at 30 September 2007
- The Board has reviewed the dividend policy given the Group’s objectives of continuing with its roll-out programme on potentially highly profitable existing London sites, whilst for the moment keeping current debt at these levels. Accordingly no interim ordinary dividend is proposed (2007: 4.0 pence)
- 50 stores now open with a further 21 committed, providing 4.5 million sq ft of self storage space when completed; Kennington opened in the period, Sheffield Hillsborough (trading within Big Yellow Limited Partnership) opened in October 2008
- Acquired one freehold site in Stockport (within Big Yellow Limited Partnership) to provide a 60,000 sq ft store when development completed
- Seven planning consents granted since April 2008; two in London, at Enfield and Gypsy Corner, and one in Guildford in the wholly owned Group; Edinburgh, High Wycombe, Nottingham and Reading within Big Yellow Limited Partnership

- Refinancing of £325 million core banking facility with HSH Nordbank, expiring in September 2013
- Relatively conservative gearing, with net debt to gross property assets of 36%

Commenting on the outlook, Nicholas Vetch, Chairman, said:

“Whilst trading conditions remain tough we have now been in a difficult trading environment for nearly six quarters and so far we are reassured at the Group’s performance. We have no doubt that further challenges lie ahead but are encouraged that in the last seven weeks, the expected seasonal net occupancy reduction is not as marked as that experienced this time last year.

We intend to continue building out stores from our existing development pipeline when appropriate. Four further stores are due to open this financial year. In the self storage market generally, as with other real estate, there has been a significant reduction in the availability of credit and particularly for some of the smaller operators, more uncertainty and risk around their business models. The result will be a more or less complete halt on competing new store commitments and indeed some previously committed sites may never be built out.

The Group started the downturn with a relatively robust financial structure which has been further improved by our joint venture with our excellent partner, Pramerica and reinforced by our recent refinancing. Beyond the challenge of maintaining the Group’s security, we are now turning our attention to how we can continue growing the business and take advantage of the opportunities that will undoubtedly be presented to us.”

- Ends -

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Notes to Editors

Big Yellow Group PLC is the best known and one of the most dynamic self-storage groups in the UK. It was founded in September 1998 by Nicholas Vetch, Philip Burks, and James Gibson and listed on AIM in May 2000, moving to the Official List of the London Stock Exchange in June 2002.

Big Yellow has expanded rapidly and now operates from 50 stores, 48 in London and the South, and one each in Leeds and Sheffield. There are a further 21 stores in development and of the 71 total stores and sites, 61 are held freehold and three long leasehold (approximately 90%). All the stores have the distinct yellow branding, with the majority being within the M25 or in strong urban conurbations. When fully built out the portfolio will provide approximately 4.5 million sq ft of flexible storage space.

The Group has pioneered the development of the latest generation of self-storage facilities, which utilise state of the art technology and are located in high profile, accessible, main road locations. Its focus on the location and visibility of its buildings, coupled with excellent customer service, has created the most recognised brand name in the UK self-storage industry.



Big Yellow Group PLC
 (“Big Yellow”, “the Group” or “the Company”)

Results for the Six Months and Second Quarter ended 30 September 2008

Chairman’s Statement

The Board of Big Yellow Group PLC, the UK’s leading self storage brand, is pleased to announce results for the six months and for the second quarter ended 30 September 2008.

Financial Results

Revenue for the period was £30.1 million, up 5% from the £28.6 million achieved in the comparable period last year. Revenue for the second quarter of £15.6 million was 3% up on the £15.1 million reported for the quarter to 30 September 2007 and an increase of 8% on the quarter to 30 June 2008.

After adjusting for the loss 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 £6.9 million, down 12% from £7.8 million for the same period last year. The reduction was entirely due to an increase in the interest charge of £1.8 million in the period. This increase in the interest charge was due to a combination of increased debt that has been drawn down to fund the acquisition and development of new sites, and higher interest rates. Group EBITDA pre-non recurring items and valuation movements was £15.5 million, up 7% from the same period last year.

£130 million of the Group’s debt was fixed over the medium term at the period end. Recent reductions in monthly LIBOR will result in materially lower interest charges going forward, and indeed since the period end, we have fixed £70 million of our floating rate debt at 3.93% plus margin to September 2013, a significant reduction on recent costs.

As a result of a write down of £60.6 million in the value of our property assets, the group made a pre-tax loss of £54.3 million.

(Loss)/profit before tax analysis	Six months to 30 September 2008 £m	Six months to 30 September 2007 Restated* £m	Year ended 31 March 2008 Restated* £m
(Loss)/profit before tax	(54.3)	46.8	102.6
<i>Adjusted for:</i>			
Loss/(gain) on revaluation of investment properties	53.4	(39.8)	(92.8)
Change in fair value of interest rate derivatives	(1.4)	0.4	3.4
Losses/(gains) on non-current assets	7.2	(0.1)	0.5
REIT conversion costs	-	0.2	0.2
Non-recurring indirect tax costs	-	0.3	0.3
Non-recurring costs in associate	0.6	-	0.2
Set up costs for Big Yellow Limited Partnership	-	-	0.6
Loan refinancing costs	1.4	-	-
Adjusted profit before tax	6.9	7.8	15.0

* The results of the Group have been restated to account for the change in accounting policy in respect of interest capitalisation under IAS 23 Borrowing Costs. Please see note 1 for further details.

Dividends

REIT regulatory requirements determine the level of Property Income Dividend (“PID”) payable by the Group. On the basis of the full year forecasted distributable reserves for PID purposes, no PID is payable due to the level of shadow capital allowances available to the Group (30 September 2007 – PID of nil pence per share).

Our recently opened stores in London have performed well over the past year and we therefore believe that it is the right strategy to continue to grow the portfolio. Given the current economic environment the Board considers that at least for this year it is more prudent to build out stores at the appropriate moment from the Group’s free cash flow and surplus land sales, so as to conserve the Group’s available debt facilities. In effect we are looking to turn dilutive land into accretive Big Yellow stores so as to improve earnings and hence dividends in the future. With this in mind the Board has decided to suspend the discretionary interim ordinary dividend (30 September 2007 – interim ordinary dividend of 4.0 pence per share).

Stores and the Market

We have included, as usual, a table summarising the trading performance of all our stores over the year.

During the period we opened a store in Kennington, with a further store opening in Sheffield Hillsborough (within Big Yellow Limited Partnership) in October 2008. We are intending to open a further four stores in the remainder of the financial year, in Sheen and Bromley within the wholly owned Group, and Liverpool and Birmingham within Big Yellow Limited Partnership.

At the period end occupied space was 1,807,000 sq ft, down 4% from 1,888,000 sq ft at the same time last year. The portfolio of 32 same stores (with an average net lettable area of 60,750 sq ft) was 76% occupied at the end of the period, with an average occupancy during the period of 78%, down from 84% for the same period last year. In the seven weeks following the period end, during which we typically see a seasonal net reduction in occupancy, we have lost 20,500 sq ft (1% of occupancy). This compares to a loss in the same period in 2007 of 64,000 sq ft (3% of occupancy) and a loss of 18,000 sq ft in 2006 (1% of occupancy).

Same store revenue for these 32 stores decreased 1% compared to the same period last year, the occupancy loss being largely offset by yield improvement. In May 2008 we put through an annual storage rent increase of 6% on average across the whole store portfolio. Net revenue per square foot on the same store portfolio was £26.53 for the period, an increase of 7.5% from the prior period of £24.68. The balance of the improvement after rate increases was operational yield improvement.

In addition, the 32 stores achieved EBITDA margins of 65% and after an allocation of central overhead, net operating income margins of 59%. Both of these measures increased by 2 percentage points from the same period last year. Despite the small revenue reduction in the same store portfolio we have increased profitability in these stores through cost savings; EBITDA was up 3% to £15.2m.

The domestic customer base is fairly broad and whilst customers within the owner occupied segment have suffered, we have seen a significant increase in customers within the rental sector, who now comprise approximately 30% of the move-ins to our stores. Our business customers, who represent 18% of our customers and 30% of occupied space, typically occupying larger rooms, and have remained relatively resilient, benefiting from the flexibility and convenience of self storage in these uncertain times.

Total packing materials, insurance and other sales were £4.1 million in the period (2007: £4.1 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 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. Furthermore, Big Yellow has a significant development pipeline of self storage assets within the REIT ringfence and any development profits arising on these assets will generally be tax free.

There is no cash tax payable for the period. The tax charge for the period ended 30 September 2008 is £546,000 (2007: £327,000). This charge arises due to the write off of deferred tax assets relating to deductions for share options, losses and interest rates swaps within the residual business.

Valuation and Net Asset Value

At 30 September 2008 the total value of the Group's wholly owned properties was £813.3 million (2007: £789.3 million), comprising £717.7 million for the 48 storage centres which were open at the period end (and one store which has been closed for redevelopment), £83.6 million for sites held for development and £12.0 million of surplus land held for sale.

The Group's investment properties have been valued by Cushman and Wakefield (C&W). The properties held for development and sale are held at historical cost (less provision for impairment) and have not been externally valued. The Directors have assessed the carrying value of these sites and have made a provision in the period of £7.2 million against them. Of this £4.4 million has been provided for against land which we are intending to sell, and £2.8 million against sites which are held for development. The latter are specifically sites where we are unsure about the outcome of planning. If we are successful in obtaining planning then it is possible that the impairment charge may be reversed. This leaves a residual value of £27.7m of sites for sale at the period end, of which £8.1m has been sold or is contracted and £8.6m is under offer.

The valuation translates into an adjusted net asset value of 465.9 pence per share (see note 14), down 1% from 472.4 pence per share last year and 10.5% from 520.8 pence per share at 31 March 2008.

The value of the investment property portfolio at 30 September 2008 was £717.7 million (2007: £649.4 million), down £33.2 million from £750.9 million at 31 March 2008.

The decrease in valuation of the same store portfolio is £59.5 million, representing a 7.9% total decrease, of which we estimate 8.0% is a function of capital reduction offset by a small improvement of 0.1% due to operational performance. Capital expenditure on existing stores was £5.8 million, this includes our store at Sheen which is currently being redeveloped. The balance of £20.5 million is the valuation of our Kennington store which opened in May, comprising capital expenditure of £14.4 million and a revaluation uplift of £6.1 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 7.58% (March 2008: 7.02 %; September 2007: 6.75%). These yields are taken after an allocation for central overhead. As a comparison with conventional property yields, the commensurate yield pre overhead allocation is 8.25%.

Whilst we recognise that yields on real estate assets have increased significantly, we are sceptical that assets of this high quality in this sub-sector, where there is a scarcity of prime product, could be acquired at these levels. We estimate that there are approximately 110 self storage assets of this quality in the UK of which we own or part own 50. The remainder are owned by multi site competitors, who we doubt are sellers of their assets, in line with ourselves.

In their report to us, our valuers, Cushman and Wakefield, have drawn attention to valuation uncertainty resulting from exceptional volatility in the financial markets and a lack of transactions in the property investment market. Please see note 15 for further details.

	As at 30 September 2008 £m	As at 30 September 2007 Restated £m	As at 31 March 2008 Restated £m
Analysis of Net Asset Value			
Basic net asset value	519.9	528.0	580.9
Exercise of share options	2.6	3.0	2.7
Diluted net asset value	522.5	531.0	583.6
Diluted net assets per share (pence)	439.4	448.1	492.4
Diluted shares used for calculation (million)	118.9	118.5	118.5
Diluted net asset value (as above) (£m)	522.5	531.0	583.6
Valuation methodology assumption (see note 14) (£m)	31.5	28.7	33.6
Adjusted net asset value (£m)	554.0	559.7	617.2
Adjusted net assets per share (pence)	465.9	472.4	520.8

Property and Construction

We have acquired one site during the first half of the year, in Stockport within Big Yellow Limited Partnership.

There are now 21 sites in the pipeline which, when fully developed, will represent an additional 1.4 million square feet and when open will provide the Group with a total of 71 stores and 4.5 million square feet. We have planning permission on 15 of the 21 pipeline sites and are in negotiations on 5, with one under appeal. 55% of our total stores and sites are located within the M25 and 64 (over 90% by value) are freehold or long leasehold. A further four stores, in Sheen and Bromley (wholly owned), and Liverpool and Birmingham (within Big Yellow Limited Partnership) are expected to open in this financial year.

We are seeing reductions in construction tender prices as a result of falling commodity prices in an increasingly competitive construction sector.

Supply of appropriate land has always been restricted in our preferred geographical areas and that remains the case. We do however expect to see further opportunities as distress spills out into the wider economy and we anticipate seeing more opportunities in the next 12 months or so.

Big Yellow Limited Partnership

In November 2007, the Group established Big Yellow Limited Partnership with Pramerica Real Estate Investors Limited to develop self storage centres in the Midlands, the North and Scotland. Big Yellow has committed £25 million to the venture, and Pramerica £50 million, resulting in a one third, two thirds equity split. A five year term development loan of £75 million has been secured from the Royal Bank of Scotland plc, HSH Nordbank AG and HSBC Bank plc to further fund the Partnership.

During the period, the Group sold four development sites to the Partnership. These development sites are in Camberley, High Wycombe, Poole and Reading and will provide additional self storage space for the Partnership of 235,000 sq ft. In addition to these sites, the Group agreed that the next seven sites acquired by the Partnership can include sites outside the M25 as well as the area of the Midlands and the North. Thereafter, any additional sites in the Partnership will only be in the Midlands and the North.

The Partnership made an operating profit of £80,000 in the period, of which Big Yellow's share is £26,000. After revaluation of investment properties and interest rate derivatives, the loss for the period for the Partnership was £1.9 million, of which Big Yellow's share was £0.6 million.

Big Yellow has the option to buy the assets or Pramerica's share of the equity in the Partnership, exercisable from 31 March 2013.

For clarity we have included a table below showing the split of stores and development sites between the Group and the Partnership.

	Big Yellow (wholly owned)	Big Yellow Limited Partnership	Total
At 17 November 2008			
No of stores trading	48	2	50
No of stores under development *	10	11	21
Total number of stores and sites	58	13	71
Development sites with planning consent	7	8	15
Open store capacity (sq ft)	3,017,000	132,000	3,149,000
Development site capacity (sq ft)	703,000	670,000	1,373,000
Total planned capacity (sq ft)	3,720,000	802,000	4,522,000

* includes sites with conditional sale agreements to Big Yellow Limited Partnership from the Group

Financing and Treasury

We were pleased to announce in September the completion of the refinancing of the Group's core debt facility. The new £325 million revolving facility provided by HSH Nordbank AG replaced our previous £325 million facility which was due to expire in April 2010. The new facility provides the Group with its core debt over the medium term to September 2013. Despite the unprecedented dislocation in the credit markets we have demonstrated that we are able to secure debt on sensible terms from high quality lenders.

Cash generated from operations increased by 3% to £16.5 million (2007: £16.0 million) for the period.

The Group was comfortably in compliance with its bank covenants at 30 September 2008. We continue to focus on improving our cash flows and we currently have interest cover under our banking covenant in excess of 2 times, against a minimum requirement of 1.25.

The net debt at the end of September was £295.7 million, (representing a loan to gross property assets ratio of 36%) leaving us £29.3 million of available funds. We will consider using these funds to complete the pipeline in due course.

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 2008. The outlook for the housing market and the economy is weaker than in March 2008, but the risk mitigating factors listed in the 2008 Annual Report are still appropriate.

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

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

Our customers are facing more difficult financial conditions and there is therefore an increased risk that they may default on their rent payments. Since the start of the current economic difficulties, we have not seen an increase in bad debts. We have nearly 30,000 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. 75% 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.

Outlook

Whilst trading conditions remain tough we have now been in a difficult trading environment for nearly six quarters and so far we are reassured at the Group's performance. We have no doubt that further challenges lie ahead but are encouraged that in the last seven weeks, the expected seasonal net occupancy reduction is not as marked as that experienced this time last year.

We intend to continue building out stores from our existing development pipeline when appropriate. Four further stores are due to open this financial year. In the self storage market generally, as with other real estate, there has been a significant reduction in the availability of credit and particularly for some of the smaller operators, more uncertainty and risk around their business models. The result will be a more or less complete halt on competing new store commitments and indeed some previously committed sites may never be built out.

The Group started the downturn with a relatively robust financial structure which has been further improved by our joint venture, with our excellent partner, Pramerica and reinforced by our recent refinancing. Beyond the challenge of maintaining the Group's security, we are now turning our attention to how we can continue growing the business and take advantage of the opportunities that will undoubtedly be presented to us.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 “Interim Financial Reporting”, gives a true and fair view of assets, liabilities, financial position and the loss of the issuer and the undertakings included in the consolidation as a whole as required by DTR 4.2.4R;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

James Gibson
Chief Executive Officer
17 November 2008

BIG YELLOW GROUP PLC
PORTFOLIO SUMMARY

	September 2008	September 2008	September 2008 Total	September 2007	September 2007	September 2007
Wholly owned stores	Same store ⁽¹⁾	Lease-up		Same store	Lease-up	Total
Number of stores ⁽²⁾	32	16	48	32	10	42
At 30 September 2008						
Total capacity (sq ft)	1,944,000	1,073,000	3,017,000	1,949,000	589,000	2,538,000
Occupied space (sq ft)	1,471,000	336,000	1,807,000	1,625,000	263,000	1,888,000
Percentage occupied	76%	31%	60%	83%	45%	74%
For the 6 month period:						
Av. Occupancy	78%	28%	60%	84%	45%	74%
Av. annual rent psf	£26.53	£27.83	£26.84	£24.68	£23.87	£24.90
	£'000	£'000	£'000	£'000	£'000	£'000
Self storage income	20,115	4,181	24,296	20,203	2,953	23,156
Other storage related income ⁽³⁾	3,184	923	4,107	3,379	749	4,128
Ancillary store rental income	36	19	55	41	7	48
Total storage revenue	23,335	5,123	28,458	23,623	3,709	27,332
Direct store operating costs (excluding depreciation)	(7,147)	(3,341)	(10,488)	(7,704)	(2,011)	(9,715)
Short and long leasehold rent ⁽⁴⁾	(990)	(21)	(1,011)	(1,134)	(21)	(1,155)
Store EBITDA ⁽⁵⁾	15,198	1,761	16,959	14,785	1,677	16,462
EBITDA Margin ⁽⁶⁾	65%	34%	60%	63%	45%	60%
Central overhead ⁽⁷⁾	(1,400)	(307)	(1,707)	(1,418)	(223)	(1,641)
Store Net Operating Income	13,798	1,454	15,252	13,367	1,454	14,821
NOI margin	59%	28%	54%	57%	39%	54%
Cumulative capital expenditure	£m	£m	£m			
to 30 September 2008	160.0	139.9	299.9			
to complete	-	3.9	3.9			
Total cost	160.0	143.8	303.8			

(1) Same stores are those that the group manages on a mature basis; lease-up stores have yet to trade at their mature occupancy levels.

(2) The results for the six month period to 30 September 2007 exclude the trading and occupancy of Leeds (sold to Big Yellow Limited Partnership in November 2007) and Sheen (closed for refurbishment in July 2007). The revenue earned from these two stores is shown in Note 2 of the financial statements.

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

(4) Rent for seven short leasehold properties accounted for as investment properties and finance leases under IFRS with total self storage capacity of 431,000 sq ft, plus rent for Chelmsford and Cheltenham until the dates that their freeholds were acquired (29 August 2007 and 15 January 2008 respectively).

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

(6) Of the same stores, the seven leasehold stores achieved a store EBITDA of £2.7 million and EBITDA margin of 47%. The freehold stores achieved a store EBITDA of £12.5 million and EBITDA margin of 71%.

(7) Allocation of overhead based on 6% of store revenue.

BIG YELLOW GROUP PLC

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 September 2008

		Six months ended 30 September 2008 (unaudited)	Six months ended 30 September 2007 (unaudited) Restated £'000	Year ended 31 March 2008 (audited) Restated £'000
	Note	£'000		
Revenue	2	30,080	28,635	56,870
Cost of sales		(11,248)	(11,114)	(20,792)
Gross profit		<u>18,832</u>	<u>17,521</u>	<u>36,078</u>
Administrative expenses		(3,073)	(3,024)	(6,736)
Operating profit before gains and losses on property assets		<u>15,759</u>	<u>14,497</u>	<u>29,342</u>
(Loss)/gain on the revaluation of investment properties		(53,396)	39,826	92,777
(Losses)/gains on non-current assets		(7,219)	60	(463)
Operating (loss)/profit		<u>(44,856)</u>	<u>54,383</u>	<u>121,656</u>
Share of loss of associate	9e	(622)	-	(249)
Investment income	3	1,588	218	289
Finance costs	4	(10,393)	(7,755)	(19,078)
(Loss)/profit before taxation		<u>(54,283)</u>	<u>46,846</u>	<u>102,618</u>
Taxation	5	(546)	(327)	770
(Loss)/profit for the period (attributable to equity shareholders)		<u>(54,829)</u>	<u>46,519</u>	<u>103,388</u>
Basic (loss)/earnings per share	8	(47.46p)	40.57p	89.88p
Diluted (loss)/earnings per share	8	(47.21p)	40.18p	89.20p

Adjusted (loss)/earnings per share are shown in note 8.

All items in the income statement relate to continuing operations.

Please see note 1 for details of the restatement

BIG YELLOW GROUP PLC

CONDENSED CONSOLIDATED BALANCE SHEET
30 September 2008

	Not	30 September	30 September	31 March
	e	2008	2007	2008
		(unaudited)	(unaudited)	(audited)
		£'000	Restated	Restated
			£'000	£'000
Non-current assets				
Investment property	9a	717,700	649,420	750,910
Development property	9a	83,610	131,959	104,139
Interest in leasehold properties	9a	21,982	24,027	22,274
Plant, equipment and owner-occupied property	9b	3,119	3,070	3,256
Goodwill	9c	1,433	1,433	1,433
Investment in associate	9e	9,637	-	5,454
Deferred tax asset	12	768	530	1,535
		<u>838,249</u>	<u>810,439</u>	<u>889,001</u>
Current assets				
Inventories		344	362	331
Trade and other receivables	10	6,307	7,743	7,465
Derivative financial instruments		-	151	-
Cash and cash equivalents		1,264	919	1,671
Assets classified as held for sale	9d	11,975	7,891	16,336
		<u>19,890</u>	<u>17,066</u>	<u>25,803</u>
Total assets		<u>858,139</u>	<u>827,505</u>	<u>914,804</u>
Current liabilities				
Trade and other payables	11	(17,205)	(20,138)	(21,898)
Obligations under finance leases		(1,958)	(2,094)	(1,958)
Current tax liabilities		(90)	(175)	(90)
Derivative financial instruments		(1,057)	-	(2,870)
		<u>(20,310)</u>	<u>(22,407)</u>	<u>(26,816)</u>
Non-current liabilities				
Bank borrowings	13	(294,051)	(250,015)	(282,897)
Obligations under finance leases		(20,024)	(21,933)	(20,316)
Other payables	11	(3,889)	(5,116)	(3,889)
		<u>(317,964)</u>	<u>(277,064)</u>	<u>(307,102)</u>
Total liabilities		<u>(338,274)</u>	<u>(299,471)</u>	<u>(333,918)</u>
Net assets		<u>519,865</u>	<u>528,034</u>	<u>580,886</u>
Equity				
Called up share capital	16	11,555	11,525	11,551
Share premium account	16	41,676	41,393	41,645
Reserves	16	466,634	475,116	527,690
Equity shareholders' funds		<u>519,865</u>	<u>528,034</u>	<u>580,886</u>

Please see note 1 for details of the restatement

BIG YELLOW GROUP PLC**CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE****Six months ended 30 September 2008**

	Six months ended 30 September 2008 (unaudited) £'000	Six months ended 30 September 2007 (unaudited) Restated £'000	Year ended 31 March 2008 (audited) Restated £'000
Current and deferred tax recognised in equity	(222)	103	96
Net (expense)/income recognised directly in equity for the period	(222)	103	96
(Loss)/profit for the year	(54,829)	46,519	103,338
Total recognised income and expense for the period attributable to equity shareholders	(55,051)	46,622	103,434

Please see note 1 for details of the restatement

BIG YELLOW GROUP PLC

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 September 2008

	Six months ended 30 September 2008 (unaudited) £'000	Six months ended 30 September 2007 (unaudited) £'000	Year ended 31 March 2008 (audited) Restated £'000
Operating (loss)/profit	(44,856)	54,383	121,656
Loss/(gain) on the revaluation of investment properties	53,396	(39,826)	(92,777)
Loss/(gain) on non-current assets	7,219	(60)	463
Depreciation	716	702	1,369
Employee share options	304	196	491
(Increase)/decrease in inventories	(13)	75	106
Decrease/(increase) in receivables	1,274	(647)	(433)
(Decrease)/increase in payables	(1,518)	1,137	(123)
Cash generated from operations	16,522	15,960	30,752
Interest paid	(14,280)	(8,127)	(16,604)
Interest received	53	104	240
REIT conversion charge paid	-	(11,997)	(11,997)
Cash flows from operating activities	2,295	(4,060)	2,391
Investing activities			
Sale of non-current assets	-	10,500	10,500
Purchase of non-current assets	(19,720)	(61,868)	(110,886)
Sale of assets to associate	15,097	-	20,327
Investment in associate	(4,805)	-	(5,703)
Cash flows from investing activities	(9,428)	(51,368)	(85,762)
Financing activities			
Issue of share capital	35	598	876
Purchase of own shares	-	(1,084)	(1,084)
Equity dividends paid	(6,309)	(6,277)	(10,860)
Increase in borrowings – RBS facility	7,000	61,000	94,000
Repayment of RBS loan	(291,000)	-	-
Increase in borrowings – drawing of HSH facility	297,000	-	-
Cash flows from financing activities	6,726	54,237	82,932
Net decrease in cash and cash equivalents	(407)	(1,191)	(439)
Opening cash and cash equivalents	1,671	2,110	2,110
Closing cash and cash equivalents	1,264	919	1,671

See note 1 for details of the restatement.

BIG YELLOW GROUP PLC**A. Reconciliation of net cash flow to movement in net debt
Six months ended 30 September 2008**

	Six months ended 30 September 2008 (unaudited) £'000	Six months ended 30 September 2007 (unaudited) £'000	Year ended 31 March 2008 (audited) £'000
Net decrease in cash and cash equivalents in the period	(407)	(1,191)	(439)
Cash inflow from increase in debt financing	(13,000)	(61,000)	(94,000)
Movement in net debt in the period	(13,407)	(62,191)	(94,439)
Net debt at start of period	(282,329)	(187,890)	(187,890)
Net debt at end of period	(295,736)	(250,081)	(282,329)

BIG YELLOW GROUP PLC

Notes to the Interim Review

1. ACCOUNTING POLICIES

Basis of preparation

The results for the period ended 30 September 2008 are unaudited and were approved by the Board on 17 November 2008. The financial information contained in this report does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The full accounts for the year ended 31 March 2008, which received an unqualified report from the auditors, and did not contain a statement under section 237(2) or (3) of the Companies Act 1985, have been filed with the Registrar of Companies.

The annual financial statements of Big Yellow Group PLC are prepared in accordance with the 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 methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements, except for a change in accounting policy in respect of IAS 23 "Borrowing Costs".

The Group's revised finance costs accounting policy is as follows:

All borrowing costs are recognised in the income statement in the period in which they are incurred, unless the costs are incurred as part of the development of a qualifying asset, when they will be capitalised. Commencement of capitalisation is the date when the group incurs expenditure for the qualifying asset, incurs borrowing costs and undertakes activities that are necessary to prepare the assets for their intended use. In the case of suspension of activities during extended periods, the group suspends capitalisation. The group ceases capitalisation of borrowing costs when substantially all of the activities necessary to prepare the asset for use are complete.

The Group's date of adoption was 1 April 2007. The prior year comparatives have been restated to reflect this change in accounting policy. The impact on the current and prior periods is shown in the table below:

	Six months ended 30 September 2008 (unaudited) £'000	Six months ended 30 September 2007 (unaudited) £'000	Year ended 31 March 2008 (audited) £'000
<i>Income statement</i>			
Decrease in interest payable	968	531	1,691
Increase/decrease in revaluation deficit/surplus	(1,240)	-	(910)
Increase in (loss)/profit after tax	(272)	531	781
<i>Balance sheet</i>			
(Decrease)/increase in development assets	(272)	531	781
(Decrease)/increase in net assets	(272)	531	781
<i>Impact on earnings per share</i>			
Increase in (loss)/earnings per share – basic	(0.24p)	0.46p	0.68p
Increase in (loss)/earnings per share – diluted	(0.23p)	0.46p	0.67p

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 with the exception of £150,000 of income which arose in the Emirate of Dubai.

	Six months ended 30 September 2008 (unaudited) £'000	Six months ended 30 September 2007 (unaudited) £'000	Year ended 31 March 2008 (audited) £'000
Open stores			
Self storage income	24,296	23,156	46,486
Other storage related income	4,107	4,128	7,869
Ancillary store rental income	55	48	114
Income from stores transferred to associate or closed for redevelopment	-	551	690
	<hr/> 28,458	<hr/> 27,883	<hr/> 55,159
Stores under development			
Non-storage income	822	652	1,473
Fee income			
Fees earned from Big Yellow Limited Partnership	650	-	138
Franchise income			
Franchise fee received	150	100	100
Total revenue	<hr/> 30,080	<hr/> 28,635	<hr/> 56,870

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

The seasonality of our business is discussed in the risk and uncertainties section of the Chairman's Statement.

3. INVESTMENT INCOME

	Six months ended 30 September 2008 (unaudited) £'000	Six months ended 30 September 2007 (unaudited) £'000	Year ended 31 March 2008 (audited) £'000
Interest receivable on bank deposit	170	218	289
Change in fair value of interest rate swaps	1,418	-	-
	<hr/> 1,588	<hr/> 218	<hr/> 289

4. FINANCE COSTS

	Six months ended 30 September 2008 (unaudited) £'000	Six months ended 30 September 2007 (unaudited) Restated £'000	Year ended 31 March 2008 (audited) Restated £'000
Interest on bank borrowings	9,344	7,133	15,846
Capitalised interest	(968)	(531)	(1,691)
Other interest payable	1	3	33
Interest on finance lease obligations	669	789	1,508
Change in fair value of interest rate swaps	-	361	3,382
Refinancing costs	1,347	-	-
	<hr/> 10,393	<hr/> 7,755	<hr/> 19,078

Please see note 1 for details of the restatement

5. TAX

	Six months ended 30 September 2008 (unaudited) £'000	Six months ended 30 September 2007 (unaudited) £'000	Year ended 31 March 2008 (audited) £'000
Current tax – UK corporation tax at 28%	-	237	231
Current tax – REIT conversion charge	-	90	90
	<hr/> -	<hr/> 327	<hr/> 321
Deferred tax movement	546	-	(1,091)
Total tax charge	<hr/> 546	<hr/> 327	<hr/> (770)

In addition to the current period income statement tax charge of £546,000 there is an overall debit to reserves of £222,000 in respect of the reduction in the deferred tax asset arising on potential future deductions from the exercise of share options.

6. ADJUSTED PROFIT BEFORE TAX

	Six months ended 30 September 2008 (unaudited) £'000	Six months ended 30 September 2007 (unaudited) Restated £'000	Year ended 31 March 2008 (audited) Restated £'000
(Loss)/profit before tax	(54,283)	46,846	102,618
<i>Adjusted for</i>			
Losses/(gains) on revaluation of investment properties – wholly owned	53,396	(39,826)	(92,777)
Loss on revaluation of investment properties – associate	602	-	187
Change in fair value of interest rate swaps – group	(1,418)	361	3,382
Change in fair value of interest rate swaps – associate	39	-	55
Loss/(gain) on non-current assets	7,219	(60)	463
Loan refinancing costs	1,347	-	-
REIT conversion costs	-	153	208
Non-recurring indirect tax cost	-	304	304
Set up costs for Big Yellow Limited Partnership	-	-	566
Adjusted profit before tax	<u>6,902</u>	<u>7,778</u>	<u>15,006</u>
Net bank and other interest	8,207	6,387	13,899
Depreciation	374	333	650
EBITDA pre non-recurring items and valuation movements	<u>15,483</u>	<u>14,498</u>	<u>29,555</u>

Please see note 1 for details of the restatement

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

7. DIVIDENDS

No interim ordinary dividend has been declared (2007: 4.0 pence). The 2008 final dividend of £6,309,000 representing 5.5 pence per ordinary share was paid on 16 July 2008 and is included in Note 16, Movement in Equity.

8. EARNINGS PER ORDINARY SHARE

	Six months ended 30 September 2008 (unaudited)			Six months ended 30 September 2007 (unaudited) Restated			Year ended 31 March 2008 (audited) Restated		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	(54.83)	115.53	(47.46)	46.52	114.68	40.57	103.39	115.03	89.88
<i>Adjustments:</i>									
Dilutive share options	-	0.62	0.25	-	1.09	(0.39)	-	0.87	(0.68)
Diluted	(54.83)	116.15	(47.21)	46.52	115.77	40.18	103.39	115.90	89.20
<i>Adjustments:</i>									
Loss/(gain) on investment properties	53.40	-	45.98	(39.83)	-	(34.40)	(92.78)	-	(80.05)
Change in fair value of interest rate swaps	(1.42)	-	(1.22)	0.36	-	0.31	3.38	-	2.92
Loss/(gain) on sale of non-current assets	7.22	-	6.22	(0.06)	-	(0.05)	0.46	-	0.40
Share of associate non-recurring costs	0.64	-	0.55	-	-	-	0.24	-	0.21
Loan refinancing costs	1.35	-	1.16	-	-	-	-	-	-
REIT conversion costs	-	-	-	0.15	-	0.13	0.21	-	0.18
Non-recurring indirect tax cost	-	-	-	0.30	-	0.26	0.30	-	0.26
Set-up costs of Big Yellow Partnership	-	-	-	-	-	-	0.57	-	0.49
REIT conversion charge	-	-	-	-	-	-	0.09	-	0.08
Tax effect of non-recurring items*	0.33	-	0.28	(0.09)	-	(0.08)	(1.19)	-	(1.03)
Adjusted	6.69	116.15	5.76	7.35	115.77	6.35	14.67	115.90	12.66

Please see note 1 for details of the restatement.

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 6).

* - this takes into account the tax effect of the change in fair value of derivatives, the losses/(gain) on non-current assets and the other non-recurring costs to the extent that they fall outside the exempt business

9. 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 2008 as previously reported	750,910	103,358	22,274
Prior year adjustment (see note 1)	-	781	-
At 1 April 2008 (restated)	750,910	104,139	22,274
Additions	5,747	12,615	-
Adjustment to present value	-	-	50
Reclassifications to investment property	14,439	(14,439)	-
Reclassification from land held for resale	-	2,929	-
Revaluation and impairment	(53,396)	(6,585)	-
Depreciation	-	-	(342)
Disposal to associate	-	(15,049)	-
At 30 September 2008	717,700	83,610	21,982

Capital commitments at 30 September 2008 were £18.6 million.

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 2008	1,858	44	607	4,613	7,122
Additions	1	-	15	221	237
At 30 September 2008	1,859	44	622	4,834	7,359
Accumulated depreciation					
At 1 April 2008	(90)	(32)	(276)	(3,468)	(3,866)
Charge for the period	(17)	(1)	(57)	(299)	(374)
At 30 September 2008	(107)	(33)	(333)	(3,767)	(4,240)
Net book value					
At 30 September 2008	1,752	11	289	1,067	3,119
At 31 March 2008	1,768	12	331	1,145	3,256

c) Goodwill

Goodwill relates to the purchase of Big Yellow Self Storage Company Limited in 1999. The asset is tested annually for impairment. The carrying value of £1.4 million remains unchanged from the prior year as there is considered to be no impairment in the value of the asset.

d) Assets classified as held for sale

The Group has land at five sites with a total book value of £12.0 million (2007: land at one site with a book value of £7.9 million). Land at these sites is surplus to requirements and the Group intends to sell the land to third parties within the next 12 months. A provision has been made against these sites of £1 million in the current period. This is shown in the income statement in (losses)/gains on non-current assets. We have reclassified one site, with a net book value of £3.4 million from assets held for sale to development property as the Group is not intending to sell the site within the next 12 months.

e) Investment in associate

The Group has a 33.3% interest in Big Yellow Limited Partnership. This interest is accounted for as an associate, using the equity method of consolidation. The Partnership commenced trading on 1 December 2007.

	30 September 2008 (unaudited) £'000	30 September 2007 (unaudited) £'000	31 March 2008 (audited) £'000
At the beginning of the year	5,454	-	-
Subscription for partnership capital and advances	4,805	-	5,703
Share of results (see below)	(622)	-	(249)
	9,637	-	5,454

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

Big Yellow Limited Partnership	30 September 2008 (unaudited) £'000	30 September 2007 (unaudited) £'000	31 March 2008 (audited) £'000
Income statement (100%)			
Revenue	426	-	252
Cost of sales	(259)	-	(190)
Administrative expenses	(87)	-	(24)
Operating profit	80	-	38
Loss on the revaluation of investment properties	(1,806)	-	(562)
Interest payable	(22)	-	(59)
Fair value movement of interest rate derivatives	(117)	-	(165)
Loss before and after tax	(1,865)	-	(748)
Balance sheet (100%)			
Investment property	10,060	-	11,830
Development property (including land held for resale)	36,243	-	10,909
Other fixed assets	59	-	50
Current assets	160	-	3,531
Current liabilities	(2,334)	-	(1,317)
Non-current liabilities	(15,278)	-	(8,642)
Net assets (100%)	28,910	-	16,361
Group share of (33.3%)			
Operating profit	26	-	13
Interest payable	(7)	-	(20)
Loss on the revaluation of investment properties	(602)	-	(187)
Fair value movement of interest rate derivatives	(39)	-	(55)
Loss for the period	(622)	-	(249)
Associate net assets	9,637	-	5,454

The Partnership has in place a loan of £75 million, secured from Royal Bank of Scotland plc, HSH Nordbank AG and HSBC Bank plc. The loan has a five year term and expires in 2013. The loan drawn down to date has been swapped to 30 June 2013, and has a weighted average interest cost of 6.65%, including margin.

10. TRADE AND OTHER RECEIVABLES

	30 September 2008 (unaudited) £'000	30 September 2007 (unaudited) £'000	31 March 2008 (audited) £'000
Trade receivables	1,545	1,839	1,604
Other receivables	52	1,456	483
Amounts owed by associate	262	-	-
Prepayments and accrued income	4,448	4,448	5,378
	<u>6,307</u>	<u>7,743</u>	<u>7,465</u>

11. TRADE AND OTHER PAYABLES

	30 September 2008 (unaudited) £'000	30 September 2007 (unaudited) £'000	31 March 2008 (audited) £'000
Current			
Trade payables	4,827	5,743	8,738
Other payables	3,278	3,966	2,241
Accruals and deferred income	7,872	7,872	9,614
Amounts owed to associate	-	-	77
VAT repayable under Capital Goods Scheme	1,228	2,557	1,228
	<u>17,205</u>	<u>20,138</u>	<u>21,898</u>
Non-current			
VAT repayable under Capital Goods Scheme	3,889	5,116	3,889

12. DEFERRED TAX

	30 September 2008 (unaudited) £'000	30 September 2007 (unaudited) £'000	31 March 2008 (audited) £'000
The amounts provided in the accounts are:			
Deduction for share options	(222)	(530)	(444)
Other items	(546)	-	(1,091)
	<u>(768)</u>	<u>(530)</u>	<u>(1,535)</u>

13. BANK BORROWINGS

	30 September 2008 (unaudited) £'000	30 September 2007 (unaudited) £'000	31 March 2008 (audited) £'000
Bank borrowings	297,000	251,000	284,000
Unamortised loan arrangement costs	(2,949)	(985)	(1,103)
	<u>294,051</u>	<u>250,015</u>	<u>282,897</u>

During the period, the Group completed a refinancing of its core debt facilities, replacing the existing £325 million loan provided by a syndicate led by Royal Bank of Scotland plc, with a new £325 million facility provided by HSH Nordbank AG. The bank loan is secured on 47 of the Group's properties. The loan is due to expire on 15 September 2013.

The new facility is divided into two tranches, Tranche A, up to a maximum of £50 million is used to finance non-stabilised properties within the Group and carries a margin of 150 bps. Tranche B is used to finance stabilised group properties, and bears interest between 112.5 bps and 150 bps dependent on the Tranche B income cover. The group is currently paying a margin of 112.5 bps on this Tranche. As the properties within Tranche A stabilise, they can be transferred to Tranche B, reducing the margin payable.

At 30 September 2008 the Group was comfortably in compliance with its banking covenants.

14. ADJUSTED NET ASSETS PER SHARE

Analysis of net asset value	30 September 2008 (unaudited) £'000	30 September 2007 (unaudited) Restated £'000	31 March 2008 (audited) Restated £'000
Basic net asset value	519,865	528,034	580,886
Exercise of share options	2,653	2,943	2,692
Diluted net asset value	<u>522,518</u>	<u>530,977</u>	<u>583,578</u>
Adjustments:			
Tax on fair value of interest rate swaps	-	(7)	-
Adjusted net asset value	<u>522,518</u>	<u>530,970</u>	<u>583,578</u>
Basic net assets per share (pence)	453.1	461.4	506.4
Diluted net assets per share (pence)	439.4	448.1	492.4
Balance sheet adjusted net assets per share (pence)	439.4	448.1	492.4
Balance sheet adjusted net asset value	522,518	530,970	583,578
Valuation methodology assumption (see note 15)	31,540	28,750	33,640
Adjusted net asset value (£'000)	554,058	559,720	617,218
Adjusted net assets per share (pence)	465.9	472.4	520.8
Shares in issue	115,553,818	115,251,181	115,514,119
Own shares held	(815,000)	(815,000)	(815,000)
Basic shares in issue used for calculation	114,738,818	114,436,181	114,699,119
Exercise of share options	4,179,020	4,053,196	3,808,591
Diluted shares used for calculation	118,917,838	118,489,377	118,507,710

Please see note 1 for details of the restatement

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 and treasury shares (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;
- tax on the fair value adjustment on interest rate swaps; and
- the effect of the revised valuation methodology assumptions (see note 15)

15. VALUATIONS

£'000	Deemed Cost	Revaluation on deemed cost	Valuation
Freehold Stores*			
As at 1 April 2008 previously reported	269,548	422,722	692,270
Prior year adjustment (see note 1)	910	(910)	-
	<hr/>	<hr/>	<hr/>
As at 1 April 2008 restated	270,458	421,812	692,270
Movement in period	20,013	(48,773)	(28,760)
As at 30 September 2008	290,471	373,039	663,510
Leasehold Stores			
As at 1 April 2008	15,162	43,478	58,640
Movement in period	173	(4,623)	(4,450)
As at 30 September 2008	15,335	38,855	54,190
All Stores			
As at 1 April 2008	285,620	465,290	750,910
Movement in period	20,186	(53,396)	(33,210)
	<hr/>	<hr/>	<hr/>
As at 30 September 2008	305,806	411,894	717,700

* Includes one long leasehold property

The freehold and leasehold investment properties have been valued at 30 September 2008 by external valuers, Cushman & Wakefield LLP ("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 Group for the same purposes as this valuation have done so since September 2004.
- C&W have been carrying out biannual valuations for accounts purposes on behalf of the Group since September 2004.
- C&W do not provide other significant professional or agency services to the Group.
- In relation to the preceding financial year of C&W, the proportion of the total fees payable by the Group to the total fee income of the firm is less than 5%.

Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from exceptional volatility in the financial markets and a lack of transactions in the property investment market. C&W note that although there were a number of self storage transactions in 2007, the only significant transaction so far in 2008 was the sale of a 51% share in Shurgard Europe which was announced in January and completed on 31 March 2008. C&W observe that in order to provide a rational opinion of value at the present time it is necessary to assume that the property market will continue to trade in an orderly fashion. Accordingly, they have assumed that the self storage sector will continue to perform in a way not greatly different from that being anticipated prior to the "credit crunch", however they have reflected negative sentiment in their capitalisation rates and they have reflected current trading conditions in their cash flow projections for each property. C&W state that there is therefore greater uncertainty attached to their opinion of value than would be anticipated during more normal market conditions.

15. VALUATIONS (continued)

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.

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 48 trading stores (both freeholds and leaseholds) open at 30 September 2008 averages 85.43% (March 2008: 85.80%; September 2007: 86.07%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for the stores to trade at their maturity levels across the portfolio is 32 months; for the 32 same stores, the period to maturity is 25.5 months (March 2008: 14.9 months).

C. The capitalisation rates applied to existing and future net cash flow have been estimated by reference to underlying yields for prime 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 48 trading stores, the yield (net of purchaser's costs) arising from the first year of the projected cash flow is 4.65% (March 2008: 4.21%; September 2007: 5.39%). This rises to 7.58% (March 2008: 7.02%; September 2007: 6.75%) 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 10.89% (March 2008: 10.36%; September 2007: 10.22%).

E. Purchaser's costs of 5.75% have been assumed initially and sale plus purchaser's costs totalling 6.75% 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 17.3 years (March 2008: 17.7 years; September 2007: 18.0 years).

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 5.75% 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. The assets 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. We believe therefore that the valuation assumptions should be adjusted to reflect the reality.

This approach follows the logic of the valuation methodology in that the valuation is based on a capitalisation of the net operating income after allowing a deduction for operational cost and an allowance for central administration costs. Sale in a corporate structure would result in a reduction in the assumed Stamp Duty Land Tax but an increase in other transaction costs reflecting additional due diligence resulting in a reduced notional purchaser's cost of 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. We therefore instructed C&W to carry out a Red Book valuation on the above basis, and this results in a higher property valuation at 30 September 2008 of £749,240,000 (£31,540,000 higher than the value recorded in the financial statements or 26.5 pence per share). We have included this revised valuation in the adjusted diluted net asset calculation (see note 14).

16. MOVEMENT IN EQUITY

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Own Shares £'000	Total £'000
At 1 April 2008 as previously reported	11,551	41,645	1,653	527,152	(1,896)	580,105
Restatement (see note 1)	-	-	-	781	-	781
At 1 April 2008 restated	11,551	41,645	1,653	527,933	(1,896)	580,886
Loss for the period	-	-	-	(54,829)	-	(54,829)
Current/deferred tax	-	-	-	(222)	-	(222)
Dividend	-	-	-	(6,309)	-	(6,309)
Issue of shares	4	31	-	-	-	35
Equity share options	-	-	-	304	-	304
At 30 September 2008	11,555	41,676	1,653	466,877	(1,896)	519,865

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings Restated £'000	Own Shares £'000	Total Restated £'000
At 1 April 2007	11,456	40,864	1,653	434,818	(812)	487,979
Profit for the period	-	-	-	46,519	-	46,519
Current/deferred tax	-	-	-	103	-	103
Dividend	-	-	-	(6,277)	-	(6,277)
Issue of shares	69	529	-	-	-	598
Equity share options	-	-	-	196	-	196
Purchase of own shares	-	-	-	-	(1,084)	(1,084)
At 30 September 2007	11,525	41,393	1,653	475,359	(1,896)	528,034

See note 1 for details of the restatement.

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.

Transactions with Big Yellow Limited Partnership

As described in note 9e, the Group has a 33% interest in Big Yellow Limited Partnership, and entered into transactions with the Partnership during the year on normal commercial terms as shown in the table below.

	30 September 2008 £'000	30 September 2007 £'000	31 March 2008 £'000
Fees earned from Big Yellow Limited Partnership	650	-	138
Book value of assets sold to the Partnership	15,048	-	19,796
Profit on disposal of assets sold to the Partnership	49	-	531
Balance due from/(owing to) the Partnership	262	-	(77)

No other related party transactions took place during the year ended 31 March 2008 and the periods ended 30 September 2008 and 30 September 2007.

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 2008 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of recognised income and expense, the consolidated cash flow statement and related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. 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 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 Services 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 2008 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 Services Authority.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

17 November 2008

London, UK