

Innovating to improve the customer experience



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Highlights

Financial Highlights

- Occupancy growth of 209,000 sq ft across all stores in the period (2009: occupancy growth of 96,000 sq ft), an average of 3,400 sq ft growth per store
- Wholly owned store occupancy growth of 151,000 sq ft in the period (2009: 62,000 sq ft)
- Revenue for the six months (£311 million) up 8% compared to the six months to 31 March 2010 (£288 million) and up 7% from the same six months last year
- Total store revenue for the second quarter increased by 8% to £15.5 million from £14.3 million for the same quarter last year and by 8% from the first quarter (£14.4 million)
- Annualised store revenue up 10% from 31 March 2010 to £61.4 million
- Store EBITDA⁴ of £18.1 million up 14% from £15.9 million in the same period last year
- Adjusted profit before tax¹ of £9.7 million up 26% (2009: £7.7 million)
- Diluted EPRA earnings per share² up 20% to 7.44 pence (2009: 6.19 pence)
- Cash inflows from operating activities (after finance costs) increased by 50% to £11.9 million for the period (2009: £7.9 million)
- Adjusted net assets per share³ up 2% to 460.6 pence from 453.3 pence as at 31 March 2010
- Interim dividend of 4 pence per share declared (2009 interim dividend: nil pence per share)



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Statutory

- Profit before tax for the period of £8.6 million (2009: loss of £3.4 million)
- Basic earnings per share of 6.65 pence (2009: loss of 2.71 pence)²
- Basic net assets per share of 427.0 pence (31 March 2010: 424.0 pence)³

Other

- In the period we opened High Wycombe in Big Yellow Limited Partnership. 61 stores are now open with a further nine committed, providing 4.4 million sq ft of self storage space when completed.
- During the period we obtained planning consent for a 75,000 sq ft store in Chiswick, fronting the A4, with high visibility from the M4 flyover. Of our nine development sites, eight have planning consent.
- We have exchanged conditional contracts for the disposal of our surplus land at Blackheath and entered into an option agreement to sell Clapham North. We have also obtained planning consent for a 92 bedroom Premier Inn hotel on our surplus site at Richmond.
- HSBC Bank plc have increased their participation in our £325 million syndicated bank facility to £50 million.

¹ see note 6; ² see note 8; ³ see note 14; ⁴ see Portfolio Summary

→ **Occupancy growth of 209,000 sq ft across all stores.**

209,000 sq ft

→ **Cash inflows from operating activities increased by 50% to £11.9 million.**

£11.9m

→ **Adjusted profit before tax of £9.7 million up 26%.**

+26%

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 the quarter ended 30 September 2010.

We have seen a marked improvement in trading conditions during the period. Occupancy growth over the six month period across all our stores amounted to 209,000 sq ft, compared to growth of 96,000 sq ft in the same period last year. Move-ins per store in the six months were up 19% on the same period last year. Moreover, since 1 January 2010, occupancy increased by a net 290,000 sq ft across the 61 Big Yellow trading stores, representing an average of 4,750 sq ft per store.

Encouragingly we saw growth across the portfolio. The 32 established store portfolio increased in occupancy from a low of 68% at the end of December 2009 to 74% in September 2010. The lease up stores grew in occupancy from 33% in September 2009 to 41% in September 2010. Wholly owned store occupancy growth was 151,000 sq ft (2009: 62,000 sq ft) in the six month period.

Whilst there is not a direct correlation, and self storage has proved relatively resilient during the downturn, part of our demand is dependent on relatively short stay house movers. We are pleased with this performance given it has been achieved against a backdrop where average mortgage approvals to owner occupiers over the past 12 months were approximately 50,000 per month, which, whilst improved on the lows in 2008 and 2009, are still significantly below the 10-year average of 92,000 per month (source: Bank of England data). Self storage demand and our business has also clearly benefited from the slowly improving UK economy in 2010.

Financial results

Revenue for the period was £31.1 million, up 7% from £29.2 million in the comparable period last year, and up 8% compared to the previous half year period (six months to 31 March 2010: £28.8 million). Total store revenue increased by 9% compared to the same period last year, higher than total revenue, following a decline in fee income earned in the period from Big Yellow Limited Partnership ("the Partnership").

Total store revenue for the second quarter increased by 8% to £15.5 million from £14.3 million for the same quarter last year and was up 8% from the quarter to June 2010 (£14.4 million).

Store EBITDA was £18.1 million, up 14% from £15.9 million for the same period last year.

After a revaluation gain of £4.3 million in the value of our wholly owned investment property assets, the Group made a pre-tax profit of £8.6 million.

After adjusting for the gain on the revaluation of investment properties and other non-recurring items, the Group made an adjusted profit before tax in the period of £9.7 million, up 26% from £7.7 million for the same period last year. Diluted EPRA earnings per share was 7.44 pence (2009: 6.19 pence), an increase of 20%.

Adjusted net assets per share increased by 2% to 460.6 pence.

Property

We have a pipeline of seven wholly owned development sites; all bar our site in Central Manchester have planning consent. We are currently on site at Eltham, with the store due to open in March 2011. We have also recently started demolition works at our site in New Cross, and we will obtain vacant possession on our landmark site in Chiswick in early 2011.

The remaining four development sites at Enfield, Guildford Central, Gypsy Corner, and Central Manchester have an estimated cost to complete of £25 million, and will be developed over the next three years subject to trading conditions.

At 30 September, the Group owned approximately £21 million of land surplus to our requirements. It is anticipated that the surplus land will be sold over the next two to three years as we are looking to maximise value through planning. We have exchanged a contract, conditional on planning and grant funding, with a social housing developer on our surplus site at Blackheath and have granted an option to a social housing operator at Clapham North, where a planning consent has been obtained for a social housing development. We have also obtained planning consent for a 92 bedroom hotel on our surplus site at Richmond and have entered into a pre-let with a Premier Inn and we anticipate selling the completed investment.

In the last three years we have only acquired two sites; Chiswick and Stockport, given the significant development pipeline in 2007. Since 2007 we have built out nine stores in the Partnership and nine in the wholly owned group. We continue to monitor site acquisition opportunities, principally focussed on London.

BIG YELLOW CONTINUES TO MAKE STEADY PROGRESS IN ITS KEY AMBITION OF INCREASING OCCUPANCY ACROSS ITS STORE PORTFOLIO. THE COMMENSURATE INCREASE IN REVENUE LARGELY FEEDS THROUGH TO CASH FLOW, PROFIT AND DIVIDEND GROWTH.

Growth opportunity

We have spent the last decade developing the market leading Big Yellow brand with a store network of 61 stores, largely focussed on London and the South East, where the drivers for self storage are strongest and barriers to entry are at their highest. We believe that this is the most resilient and dynamic part of the economy and will be less affected by the proposed public spending cuts. 71% of our current revenue derives from within the M25; for London and the South East, the proportion of current revenue rises to 89%. Over the last three years, we have opened nine prime freehold stores in London, with a further five in the development pipeline. We would therefore expect the proportion of revenue from London to increase as 72% of the current available vacant capacity in the wholly owned stores is in London, where average net rent per sq ft is also higher.

We believe that the value creation opportunity in this business for shareholders will in the medium term be driven mainly from leasing up stores to drive revenue, the vast majority of which flows through to the bottom line given that our operating costs are already largely embedded. We have increased occupancy of the wholly owned stores from 56% to 60% in the period, and this has translated into a £5.4 million increase in our annualised revenue.

As stated above, at the end of September the Group reported an adjusted net asset value per share of 460.6 pence. The valuation methodology used by the valuers is set out in Note 15. The initial yield pre administration expenses assuming no rental growth is 5.2% rising to a stabilised yield of 8.3% (March 2010: 8.4%). This is based on an average occupancy over the 10 year cash flow period of 79.2% across the whole portfolio.

The six development sites with planning consent have been valued at £37.0 million, the increase largely being in line with capital expenditure incurred, principally on Eltham. The valuations of these six assets are currently pointing to a revaluation surplus on total development cost of £82.4 million once the stores have reached their stabilised occupancy levels.

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, a PID of 2 pence per share is payable (30 September 2009: PID of nil pence per share).

In addition to the PID of 2 pence per share, the Board has reviewed our anticipated capital expenditure over the medium term, our forecast operating cash flow and the resultant levels of debt, balance sheet gearing and income cover and following this review is recommending the payment of a discretionary ordinary interim dividend of 2 pence per share, taking the total interim dividend to 4 pence per share.

Board

We have strengthened the Board during the period with the appointment of Steve Johnson as a non-executive director. Steve has significant experience in marketing and retail and I believe he will add considerable value to the Board.

Outlook

Big Yellow continues to make steady progress in its key ambition of increasing occupancy across its store portfolio. The commensurate increase in revenue largely feeds through to cash flow, profit and dividend growth.

The business is experiencing the usual seasonal slowdown, but as in previous years, we look forward to an improvement in demand from early 2011 as we enter our more buoyant spring and summer trading periods.



Nicholas Vetch
Executive Chairman

Operating and Financial Review

Stores and the market

We have included Portfolio Summaries showing the trading performance of our stores in the wholly owned group and in the Partnership over the period.

We achieved occupancy growth of 209,000 sq ft across all stores in the period (2009: occupancy growth of 96,000 sq ft), an average of 3,400 sq ft growth per store.

Store occupancy summary

	Occupancy growth from March 2010 000 sq ft	30 September 2010 000 sq ft	31 March 2010 000 sq ft	30 September 2009 000 sq ft
32 established stores	77	1,427	1,350	1,371
19 lease-up stores	74	522	448	423
Total – wholly owned stores	151	1,949	1,798	1,794
10 Partnership lease-up stores	58	175	117	77
Total – all stores	209	2,124	1,915	1,871

At the period end wholly owned store occupied space was 1,949,000 sq ft, up 9% from 1,794,000 sq ft at the same time last year and up 151,000 sq ft from 31 March 2010.

The 32 established stores are those that had reached stabilisation as a portfolio in 2007 prior to the economic downturn. 18 of these stores are in London, with the other 14 in large metropolitan cities in the South.

This portfolio of stores (with an average net lettable area of 60,650 sq ft) was 74% occupied at the end of the period, with an average occupancy during the period of 72%, up from 71% for the same period last year. Revenue for these 32 stores increased 3% compared to the same period last year. This was caused by the increase in average occupancy referred to above, and also an increase in average net rents achieved of 2% in the established store portfolio compared to the same six month period in 2009. These established stores achieved average revenues over the six months of £0.67 million, which on an annual basis is approximately £1.34 million, with average store EBITDA for the six months of £0.43 million, which on an annual basis is approximately £0.86 million. EBITDA margins for the 32 established stores increased from 63.7% for the period to 30 September 2009 to 64.2% for the current period.

The lease-up stores have yet to trade at their stabilised occupancy levels, and most have opened in the last three years. The lease-up stores have grown in occupancy by 99,000 sq ft from the same time last year, with 74,000 sq ft of this growth in the six months from 1 April 2010. The EBITDA margin on the lease-up stores has increased from 40.2% for the period to 30 September 2009 to 51.1% for the current period. The overall store EBITDA margin increased from 58.1% to 60.5%.

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

Average net achieved rents for the wholly owned stores increased by 3.2% period on period, however closing rents were broadly flat as a result of the increased new customer opening offers and promotions to drive occupancy over the summer. Our key aim over the next two to three years is to drive occupancy in the stores. As the stores continue their fill up, the dynamic pricing will automatically reduce the level of promotional discounts offered, leading to an increase in net achieved rents. We have a rolling programme of price increases to existing storage customers, in most cases providing an annual increase in storage rents of approximately 5%.

We continue to improve sales of insurance, packing materials and other ancillary items, with revenue from these areas growing by 8% to £4.6 million in the period (2009: £4.2 million).

In the autumn, we typically see a seasonal net reduction in occupancy caused by student and house movers no longer requiring storage after the summer. In the seven weeks following the period end, we have lost 42,000 sq ft across the whole portfolio. This compares to a loss in the same period in 2009 of 30,000 sq ft and in 2008 of 20,500 sq ft.

During the period we opened a store in High Wycombe, and Camberley is due to open in January 2011, both within Big Yellow Limited Partnership. Our Eltham store will open within the wholly owned Group in March 2011.

Operating costs

We have continued with our programme of cost control in the Group, however we were not helped by the increases in business rates that were applied from 1 April 2010, particularly in London stores, where the Crossrail levy was included. Our rates costs have increased by £0.3 million on an annualised basis, representing the majority of the increase in direct store operating costs recorded in the six month period.

In the period, administrative expenses have been held flat, following continued control over the Group's overhead.

Interest

The Group's average cost of borrowing during the period to 30 September 2010 was 3.8%, compared to 3.7% for the six months to 30 September 2009. The loan interest expense during the period was £0.1 million lower compared to the same period last year, due to the repayment of debt. Capitalised interest in the period was £0.3 million, £0.2 million higher than the same period last year, as a result of increased construction activity in the core group.

Results

The 26% increase in adjusted profit before tax to £9.7 million was principally due to the increased store EBITDA as illustrated in the table below.

Movement in adjusted profit before tax	£m
Adjusted profit for the six months to 30 September 2009	7.7
Increase in gross profit	1.8
Increase in capitalised interest	0.2
Reduction in net interest payable	0.1
Increase in share of BYLP recurring loss	(0.1)
Adjusted profit for the six months to 30 September 2010	9.7

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

	Six months ended 30 September 2010 £m	Six months ended 30 September 2009 £m	Year ended 31 March 2010 £m
Profit before tax analysis			
Profit/(loss) before tax	8.6	(3.4)	10.2
<i>Adjusted for:</i>			
(Gain)/loss on revaluation of investment properties	(4.3)	14.2	3.6
Change in fair value of interest rate derivatives	7.7	(3.7)	2.7
Losses on surplus land	-	2.0	2.0
Non-recurring gains in associate	(2.3)	(1.4)	(2.0)
Adjusted profit before tax	9.7	7.7	16.5

Diluted EPRA earnings per share was 7.44 pence (2009: 6.19 pence), an increase of 20%.

Cash flow growth

Cash flows from operating activities (after finance costs) have increased by 50% to £11.9 million for the period (2009: £7.9 million). These operating cash flows are after the ongoing maintenance costs of the stores, which are on average £30,000 per store per annum.

In the six month period capital expenditure cash outflows were £5.7 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 development pipeline of self storage assets within the REIT ringfence and any development profits arising on these assets will generally be tax free. During the period we agreed the conversion charge paid when we converted to a REIT with HMRC, with no further amount payable.

There is no cash tax payable for the period. There is a nil tax charge for the period ended 30 September 2010 (2009: £nil), due to tax relief in relation to the restructuring of interest rate derivatives in prior periods.

Operating and Financial Review continued

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, a PID of 2 pence per share is payable (30 September 2009: PID of nil pence per share).

In addition to the PID of 2 pence per share, the Board is recommending the payment of a discretionary ordinary interim dividend of 2 pence per share, taking the total interim dividend to 4 pence per share. The interim dividend will be paid on 30 December 2010 to shareholders on the Register on 10 December 2010.

Financing and treasury

The Group has a £325 million senior debt facility. During the period HSBC Bank plc increased their participation to £50 million. The balance of the facility is held by HSH Nordbank AG and Lloyds TSB Bank plc.

The Group was comfortably in compliance with its banking covenants at 30 September 2010, as illustrated in the table below.

	Covenant	At 30 September 2010
Minimum income cover	1.4x	3.98x
Minimum net assets	£250 million	£551.3 million
Maximum gross loan to net assets gearing	1.3:1	0.51:1

The income cover covenant rises to 1.5x from September 2011.

We repaid £20 million of the revolving element of the Group's facility during the period and have repaid a further £5 million of the revolving element of the loan facility subsequent to the period end. Cash and cash equivalents at 30 September 2010 were £10.5 million.

Net debt at the end of September was £269.5 million leaving us £55.5 million of available funds. The net debt to gross property assets ratio is 33% and the net debt to equity ratio is 49%.

Valuations

The Group's investment properties have been valued by Cushman and Wakefield ("C&W"). At 30 September 2010 the total value of the Group's wholly owned properties is shown in the table below:

Analysis of property portfolio	No of locations	Value at 30 September 2010 £m	Revaluation movement in period £m
Investment property	51	766.1	3.8
Investment property under construction	7	39.0	0.5
<i>Investment property total</i>	58	805.1	4.3
Surplus land	7	20.6	-
Total	65	825.7	4.3

Investment property

The total value of the investment property open store portfolio at 30 September 2010 was £766.1 million (31 March 2010: £761.6 million).

The increase in valuation of the 51 stores open at 31 March is £4.5 million, representing a 0.6% total increase, of which we estimate a decline of 0.1% is due to capital reduction, which is offset by an improvement of 0.7% due to operational performance.

The initial yield pre administration expenses assuming no rental growth is 5.2% rising to a stabilised yield of 8.3% (March 2010: 8.4%). This is based on an average occupancy over the 10 year cash flow period of 79.2% across the whole portfolio. The 32 established stores that were mature in 2007 are assumed to return to stabilised occupancy in 30 months on average. The 19 lease-up stores, the majority of which have opened in the past three years, are assumed to reach stabilised occupancy in 46 months on average.

Investment property under construction

The seven wholly owned development sites have increased in value by £5 million, £4.5 million relating to capital expenditure incurred, with the balance of £0.5 million a revaluation surplus. The valuation uplift of the two development sites in Big Yellow Limited Partnership was in line with capital expenditure incurred. C&W's forecast valuations for when the Group assets have reached stabilised occupancy, including assumptions in relation to revenue and operating cost growth within these assets, are currently pointing to a revaluation surplus on total development cost of £82.4 million on the six wholly owned development sites with planning consent and £15.9 million on the two sites within Big Yellow Limited Partnership.

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

Surplus land

These are sites which we do not intend to develop into self storage centres. The sites are held at the lower of cost and net realisable value and have not been externally valued. The Directors have assessed the carrying value of these sites. In prior years a provision of £13.6 million was made against these sites, representing approximately a third of the cost of the land.

The Group received £1.2 million subsequent to the period end, which was the deferred consideration on the sale of surplus land in Twickenham. We have exchanged a contract, conditional on planning and grant funding, with a social housing developer on our surplus site at Blackheath and have granted an option to a social housing operator at Clapham North, where a planning consent has been obtained for a social housing development. We have also obtained planning consent for a 92 bedroom hotel on our surplus site at Richmond and have entered into a pre-let with a Premier Inn and we anticipate selling the completed investment.

Net asset value

The valuation translates into an adjusted net asset value of 460.6 pence per share (see note 14), up 5% from 436.6 pence per share last year and up 2% from 453.3 pence per share at 31 March 2010.

Analysis of Net Asset Value	As at 30 September 2010	As at 30 September 2009
Basic net asset value (£m)	551.3	531.9
Exercise of share options (£m)	0.5	1.5
Diluted net asset value (£m)	551.8	533.4
Basic net assets per share (pence)	427.0	417.0
Diluted net assets per share (pence)	419.5	407.5
Diluted shares used for calculation (million)	131.5	130.9
Diluted net asset value (as above) (£m)	551.8	533.4
Fair value of derivatives (£m)	16.6	2.5
EPRA net assets (£m)	568.4	535.9
EPRA net asset value per share (pence)	432.0	409.3
Valuation methodology assumption (see note 15) (£m)	37.5	35.7
Adjusted net asset value (£m)	605.9	571.6
Adjusted net assets per share (pence)	460.6	436.6

Big Yellow Limited Partnership

Big Yellow Limited Partnership, a joint venture with Pramerica Real Estate Investors Limited, owns self storage centres and development sites outside the London M25. In the consolidated accounts of Big Yellow Group PLC, the Partnership is treated as an associate. We have adopted equity accounting for the Partnership, so that our share of the Partnership's results are included in operating profit and our net investment is shown in the balance sheet within "Investment in Associate".

The Partnership is currently trading from ten open stores. Two further stores are currently under development; Camberley, which will open in January 2011 and Stockport, which will open in September 2011.

The anticipated remaining capital expenditure on these two stores is £8.1 million, which will be funded through equity from Pramerica Real Estate Investors (20%) and by the Group (10%), with the remaining 70% funded through a committed development finance facility. Our total further commitment required to fund both the outstanding capital expenditure and losses to break even is estimated at £2.5 million.

The Group earns certain property acquisition, planning, construction and operational fees from the Partnership. For the period to 30 September 2010, these fees amounted to £0.5 million (2009: £0.8 million).

The occupancy of the stores is 175,000 sq ft, against a total capacity of 616,000 sq ft, with growth of 98,000 sq ft in the last twelve months, of which 58,000 sq ft has been since April. The stores have been open on average 18 months and in that time have achieved occupancy of 28%. The average net rent achieved at 30 September 2010 at the Partnership stores is £18.87 per sq ft, an increase of 6% from the same time last year. In the early stages of lease-up, net rent is suppressed by promotions extended to new customers who form the majority of the customer base; we would expect the level of discounts and promotions to reduce as the stores grow occupancy.

The stores are now producing an overall positive EBITDA, which is contributing towards the Partnership's interest cost.

The Partnership made an operating loss of £10,000 in the period, of which Big Yellow's share is a third. After revaluation of investment properties and interest rate derivatives, the profit for the period for the Partnership was £5.8 million, of which the Group's share was £1.9 million.

Big Yellow has an option to purchase the assets contained within the Partnership or the interest in the Partnership which it does not own, exercisable from 31 March 2013. On exit whether by way of exercise of the option or a sale to a third party, Big Yellow is entitled to certain promotes, which could result in Big Yellow sharing in the surplus created in the Partnership ahead of its equity participation.

Portfolio Summary – Wholly Owned Stores

	September 2010 Established ⁽¹⁾	September 2010 Lease-up	September 2010 Total	September 2009 Established	September 2009 Lease-up	September 2009 Total
Number of stores	32	19	51	32	19	51
At 30 September						
Total capacity (sq ft)	1,941,000	1,288,000	3,229,000	1,944,000	1,284,000	3,228,000
Occupied space (sq ft)	1,427,000	522,000	1,949,000	1,371,000	423,000	1,794,000
Percentage occupied	74%	41%	60%	71%	33%	56%
Net rent per sq ft	£26.18	£27.92	£26.69	£26.40	£27.30	£26.72
Annualised revenue (£000)	43,559	17,798	61,357	42,485	14,710	57,195
For the 6 month period:						
Average occupancy	72%	38%	58%	71%	31%	55%
Average annual rent psf	£26.27	£28.25	£26.78	£25.85	£26.83	£25.95
	£000	£000	£000	£000	£000	£000
Self storage income	18,402	6,895	25,297	17,889	5,271	23,160
Other storage related income ⁽²⁾	3,060	1,506	4,566	2,967	1,248	4,215
Ancillary store rental income	27	9	36	36	9	45
Total storage revenue	21,489	8,410	29,899	20,892	6,528	27,420
Direct store operating costs (excluding depreciation)	(6,729)	(4,091)	(10,820)	(6,611)	(3,885)	(10,496)
Short and long leasehold rent ⁽³⁾	(972)	(22)	(994)	(972)	(21)	(993)
Store EBITDA ⁽⁴⁾	13,788	4,297	18,085	13,309	2,622	15,931
Store EBITDA Margin ⁽⁵⁾	64.2%	51.1%	60.5%	63.7%	40.2%	58.1%
Cumulative capital expenditure	£m	£m	£m			
To 30 September 2010	161.1	186.7	347.8			
To complete	–	3.9	3.9			
Total capital expenditure	161.1	190.6	351.7			

(1) The 32 established stores are those that had reached stabilisation as a portfolio in 2007 prior to the economic downturn. The lease-up stores have yet to trade at their stabilised occupancy levels. Of the 19 lease-up stores, three stores opened before 31 March 2006, six stores opened in the year ended 31 March 2007, six stores opened in the year ended 31 March 2008 and four have opened since 1 April 2008.

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

(3) Rent for seven established short leasehold properties accounted for as investment properties and finance leases under IFRS with total self storage capacity of 431,000 sq ft, and a long leasehold lease-up store with a capacity of 64,000 sq ft.

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

(5) Of the established stores, the seven leasehold stores achieved a store EBITDA of £2.2 million and EBITDA margin of 44%. The freehold stores achieved a store EBITDA of £11.6 million and EBITDA margin of 70%.

Portfolio Summary – Big Yellow Limited Partnership Stores

	September 2010	September 2009
Number of stores	10	8
At 30 September		
Total capacity (sq ft)	616,000	494,000
Occupied space (sq ft)	175,000	77,000
Percentage occupied	28%	16%
Net rent per sq ft	£18.87	£17.73
Annualised revenue (£000)	4,294	1,408
For the 6 month period:		
Average occupancy	24%	12%
Average annual rent psf	£19.03	£17.71
	£000	£000
Self storage income	1,431	515
Other storage related income	461	184
Ancillary store rental income	1	–
Total storage revenue	1,893	699
Direct store operating costs (excluding depreciation)	(1,549)	(901)
Store EBITDA	344	(202)
Store EBITDA Margin	18.2%	(28.9%)
Cumulative capital expenditure		
	£m	
To 30 September 2010	85.3	
To complete	2.7	
Total capital expenditure	88.0	

Responsibility Statement

We confirm to the best of our knowledge:

1. the condensed set of Interim Financial Statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union;
2. the Interim Management Report herein includes a fair review of the important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year, as required by Rule 4.2.7R of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority; and
3. the Interim Management Report includes as applicable, a fair review of disclosure of related party transactions and changes therein, as required by Rule 4.2.8R of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

By order of the Board

James Gibson
Director

John Trotman
Director

19 November 2010

Condensed Consolidated Income Statement

Six months ended 30 September 2010

	Note	Six months ended 30 September 2010 (unaudited) £000	Six months ended 30 September 2009 (unaudited) £000	Year ended 31 March 2010 (audited) £000
Revenue	2	31,125	29,162	57,995
Cost of sales		(11,840)	(11,688)	(22,067)
Gross profit		19,285	17,474	35,928
Administrative expenses		(3,448)	(3,428)	(6,860)
Operating profit before gains and losses on property assets		15,837	14,046	29,068
Gain/(loss) on the revaluation of investment properties	15	4,306	(14,216)	(3,558)
Losses on surplus land		–	(2,000)	(2,073)
Operating profit/(loss)		20,143	(2,170)	23,437
Share of profit of associate	9e	1,937	1,235	1,320
Investment income	3	100	183	386
Finance costs – interest payable	4	(5,888)	(6,288)	(12,259)
– fair value movement of derivatives	4	(7,700)	3,671	(2,675)
Profit/(loss) before taxation		8,592	(3,369)	10,209
Taxation	5	–	–	–
Profit/(loss) for the period (attributable to equity shareholders)		8,592	(3,369)	10,209
Basic earnings/(loss) per share	8	6.65p	(2.71p)	8.11p
Diluted earnings/(loss) per share	8	6.58p	(2.71p)	8.03p

Adjusted profit before taxation is shown in note 6 and EPRA earnings per share is shown in note 8.

All items in the income statement relate to continuing operations.

Condensed Consolidated Balance Sheet

30 September 2010

	Note	30 September 2010 (unaudited) £000	30 September 2009 (unaudited) £000	31 March 2010 (audited) £000
Non-current assets				
Investment property	9a	766,130	749,890	761,570
Investment property under construction	9a	38,960	24,990	33,960
Interest in leasehold properties	9a	21,682	21,494	21,998
Plant, equipment and owner-occupied property	9b	2,738	2,762	2,833
Goodwill	9c	1,433	1,433	1,433
Investment in associate	9e	14,375	11,520	12,105
		845,318	812,089	833,899
Current assets				
Surplus land	10	20,577	20,693	20,237
Inventories		299	308	295
Trade and other receivables	11	8,010	7,363	11,097
Cash and cash equivalents		10,527	38,575	30,619
Assets classified as held for sale	9d	–	3,200	–
		39,413	70,139	62,248
Total assets		884,731	882,228	896,147
Current liabilities				
Trade and other payables	12	(16,196)	(15,405)	(19,459)
Obligations under finance leases		(1,957)	(1,984)	(1,958)
		(18,153)	(17,389)	(21,417)
Non-current liabilities				
Derivative financial instruments		(15,680)	(1,879)	(7,980)
Bank borrowings	13	(278,030)	(308,870)	(297,816)
Obligations under finance leases		(19,725)	(19,510)	(20,040)
Other payables	12	(1,870)	(2,661)	(1,609)
		(315,305)	(332,920)	(327,445)
Total liabilities		(333,458)	(350,309)	(348,862)
Net assets		551,273	531,919	547,285
Equity				
Called up share capital		13,101	12,947	13,099
Share premium account		43,398	42,586	43,384
Reserves		494,774	476,386	490,802
Equity shareholders' funds		551,273	531,919	547,285

Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 September 2010 (unaudited)

	Six months ended 30 September 2010 (unaudited) £000	Six months ended 30 September 2009 (unaudited) £000	Year ended 31 March 2010 (audited) £000
Profit/(loss) for the period/year	8,592	(3,369)	10,209
Total recognised income and expense for the period attributable to equity shareholders	8,592	(3,369)	10,209

Consolidated Statement of Changes in Equity

Six months ended 30 September 2010 (unaudited)

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Other distributable reserve £000	Own shares £000	Total £000
At 1 April 2010	13,099	43,384	1,653	460,672	30,373	(1,896)	547,285
Total comprehensive income for the period	–	–	–	8,592	–	–	8,592
Issue of share capital	2	14	–	–	–	–	16
Credit to equity for equity-settled share based payments	–	–	–	543	–	–	543
Dividends	–	–	–	(5,163)	–	–	(5,163)
At 30 September 2010	13,101	43,398	1,653	464,644	30,373	(1,896)	551,273

The other distributable reserve arose from merger relief under S612 of Companies Act 2006, following the Group's placing of 11.5 million shares in the prior year.

Consolidated Statement of Changes in Equity (continued)

Six months ended 30 September 2009 (unaudited)	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Other distributable reserve £000	Own shares £000	Total £000
At 1 April 2009	11,559	41,663	1,653	449,338	–	(1,896)	502,317
Total comprehensive income for the period	–	–	–	(3,369)	–	–	(3,369)
Issue of share capital	1,388	923	–	–	30,373	–	32,684
Credit to equity for equity-settled share based payments	–	–	–	287	–	–	287
At 30 September 2009	12,947	42,586	1,653	446,256	30,373	(1,896)	531,919

Year ended 31 March 2010 (audited)	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Other distributable reserve £000	Own shares £000	Total £000
At 1 April 2009	11,559	41,663	1,653	449,338	–	(1,896)	502,317
Total comprehensive income for the period	–	–	–	10,209	–	–	10,209
Issue of share capital	1,540	1,721	–	–	30,373	–	33,634
Credit to equity for equity-settled share based payments	–	–	–	1,125	–	–	1,125
At 31 March 2010	13,099	43,384	1,653	460,672	30,373	(1,896)	547,285

Condensed Consolidated Cash Flow Statement

Six months ended 30 September 2010 (unaudited)

	Six months ended 30 September 2010 (unaudited) £000	Six months ended 30 September 2009 (unaudited) £000	Year ended 31 March 2010 (audited) £000
	<i>Note</i>		
Operating profit/(loss)	20,143	(2,170)	23,437
(Gain)/loss on the revaluation of investment properties	(4,306)	14,216	3,558
Losses on surplus land	–	2,000	2,073
Depreciation	307	483	631
Depreciation of finance lease obligations	424	358	815
Employee share options	813	762	1,664
(Increase)/decrease in inventories	(4)	30	43
Decrease/(increase) in receivables	2,784	1,150	(1,233)
(Decrease)/increase in payables	(2,652)	(2,675)	283
Cash generated from operations	17,509	14,154	31,271
Interest paid	(6,036)	(6,277)	(12,292)
Interest received	402	30	84
Cash flows from operating activities	11,875	7,907	19,063
Investing activities			
Sale of land held for resale	–	–	1,927
Additions to non-current assets	(5,723)	(3,702)	(13,213)
Additions to surplus land	(340)	(178)	(360)
Investment in associate	(333)	(1,000)	(1,500)
Cash flows from investing activities	(6,396)	(4,880)	(13,146)
Financing activities			
Issue of share capital	16	32,684	33,634
Payment of finance lease liabilities	(424)	(358)	(815)
Equity dividends paid	(5,163)	–	–
Decrease in borrowings	(20,000)	–	(11,339)
Cash flows from financing activities	(25,571)	32,326	21,480
Net (decrease)/increase in cash and cash equivalents	(20,092)	35,353	27,397
	A		
Opening cash and cash equivalents	30,619	3,222	3,222
Closing cash and cash equivalents	10,527	38,575	30,619

A. Reconciliation of Net Cash Flow to Movement in Net Debt

Six months ended 30 September 2010

	Six months ended 30 September 2010 (unaudited) £000	Six months ended 30 September 2009 (unaudited) £000	Year ended 31 March 2010 (audited) £000
Net (decrease)/increase in cash and cash equivalents	(20,092)	35,353	27,397
Cash outflow from decrease in debt financing	20,000	–	11,339
Change in net debt resulting from cash flows	(92)	35,353	38,736
Movement in net debt in the period	(92)	35,353	38,736
Net debt at start of period	(269,381)	(308,117)	(308,117)
Net debt at end of period	(269,473)	(272,764)	(269,381)

Net debt is defined as gross bank borrowings less cash and cash equivalents.

Notes to the Half Year Report

1. ACCOUNTING POLICIES

Basis of preparation

The results for the period ended 30 September 2010 are unaudited and were approved by the Board on 19 November 2010. The financial information contained in this report in respect of the year ended 31 March 2010 does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

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

Going concern

A review of the Group's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Chairman's Statement and the Operating and Financial Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are shown in the balance sheet, cash flow statement and accompanying notes to the interim statement. Further information concerning the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk can be found in the Operating and Financial Review of the Group's Annual Report for the year ended 31 March 2010.

The Directors have considered carefully the Group's trading performance and cash flows as a result of the uncertain global economic environment, the shortage of credit available in the bank finance market in particular and the other principal risks to the Group's performance. After reviewing Group and Company cash balances, borrowing facilities and projected cash flows, the Directors believe that the Group and Company have adequate resources to continue operations for the foreseeable future. In reaching this conclusion the Directors have had regard to the Group's operating plan and budget and projections contained in the detailed longer term business plan. For this reason, they continue to adopt the going concern basis in preparing the half year report.

Notes to the Half Year Report (continued)

2. SEGMENTAL INFORMATION

Revenue represents amounts derived from the provision of self storage accommodation and related services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax. The Group's net assets, revenue and profit before tax are attributable to one activity, the provision of self storage accommodation and related services. These all arise in the United Kingdom.

	Six months ended 30 September 2010 (unaudited) £000	Six months ended 30 September 2009 (unaudited) £000	Year ended 31 March 2010 (audited) £000
Open stores			
Self storage income	25,297	23,160	46,763
Other storage related income	4,566	4,215	8,282
Ancillary store rental income	36	45	89
	29,899	27,420	55,134
Stores under development			
Non-storage income	530	691	1,232
Fee income			
Fees earned from Big Yellow Limited Partnership	496	826	1,198
Other management fees earned	200	225	431
Revenue per income statement	31,125	29,162	57,995
Investment income (see note 3)	100	183	386
Total revenue per IAS 18	31,225	29,345	58,381

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

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

The seasonality of our business is discussed in note 17.

3. INVESTMENT INCOME

	Six months ended 30 September 2010 (unaudited) £000	Six months ended 30 September 2009 (unaudited) £000	Year ended 31 March 2010 (audited) £000
Interest receivable on bank deposit	100	183	386

Notes to the Half Year Report (continued)

4. FINANCE COSTS

	Six months ended 30 September 2010 (unaudited) £000	Six months ended 30 September 2009 (unaudited) £000	Year ended 31 March 2010 (audited) £000
Interest on bank borrowings	5,624	5,765	11,379
Capitalised interest	(308)	(113)	(268)
Other interest payable	2	–	1
Interest on finance lease obligations	570	636	1,147
Total interest payable	5,888	6,288	12,259
Change in fair value of interest rate derivatives	7,700	(3,671)	2,675
Total finance costs	13,588	2,617	14,934

5. TAX

	Six months ended 30 September 2010 (unaudited) £000	Six months ended 30 September 2009 (unaudited) £000	Year ended 31 March 2010 (audited) £000
Current tax – UK corporation tax at 28%	–	–	–
Deferred tax movement	–	–	–
Total tax charge	–	–	–

There is no tax charge in the residual business in the period due to tax relief in relation to the restructuring of interest rate derivatives in prior periods.

6. ADJUSTED PROFIT BEFORE TAX

	Six months ended 30 September 2010 (unaudited) £000	Six months ended 30 September 2009 (unaudited) £000	Year ended 31 March 2010 (audited) £000
Profit/(loss) before tax	8,592	(3,369)	10,209
<i>Adjusted for</i>			
(Gains)/losses on revaluation of investment properties – wholly owned	(4,306)	14,216	3,558
Share of gain on revaluation of investment properties – associate	(2,344)	(1,356)	(2,036)
Change in fair value of interest rate swaps – Group	7,700	(3,671)	2,675
Share of change in fair value of interest rate swaps – associate	105	(122)	65
(Gains)/losses on surplus land (including share of associate)	(33)	2,000	2,043
Adjusted profit before tax	9,714	7,698	16,514
Net bank and other interest	5,218	5,469	10,726
Depreciation	307	483	631
EBITDA pre non-recurring items and valuation movements	15,239	13,650	27,871

Adjusted profit before tax which excludes gains/(losses) on revaluation of investment properties, changes in fair value of interest rate derivatives, net gains/(losses) on surplus land, and non-recurring items of income and expenditure, has been disclosed to give a clearer understanding of the Group's underlying trading performance.

Notes to the Half Year Report (continued)

7. DIVIDENDS

	2010 £000	2009 £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2010 of 4p (2009: nil p) per share	5,163	–
	5,163	–
Proposed interim dividend for the year ended 31 March 2011 of 4p (2009: nil p) per share.	5,164	–

The proposed interim dividend of 4 pence per ordinary share will be paid on 30 December 2010 to shareholders on the Register on 10 December 2010. Of this 4 pence per share dividend, the Property Income Dividend element is 2 pence per share.

8. EARNINGS/(LOSS) PER ORDINARY SHARE

The European Public Real Estate Association (EPRA) has issued recommended bases for the calculation of certain per share information and these are included in the following tables.

	Six months ended 30 September 2010 (unaudited)			Six months ended 30 September 2009 (unaudited)			Year ended 31 March 2010 (audited)		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	8.59	129.09	6.65	(3.37)	124.41	(2.71)	10.21	125.83	8.11
<i>Adjustments:</i>									
Dilutive share options	–	1.41	(0.07)	–	0.07	–	–	1.31	(0.08)
Diluted	8.59	130.50	6.58	(3.37)	124.48	(2.71)	10.21	127.14	8.03
<i>Adjustments:</i>									
(Gain)/loss on revaluation of investment properties	(4.31)	–	(3.30)	14.22	–	11.43	3.56	–	2.80
Change in fair value of interest rate derivatives	7.70	–	5.90	(3.67)	–	(2.95)	2.67	–	2.10
Losses on surplus land	–	–	–	2.00	–	1.61	2.07	–	1.63
Share of associate non-recurring gains	(2.27)	–	(1.74)	(1.48)	–	(1.19)	(2.00)	–	(1.57)
EPRA – diluted	9.71	130.50	7.44	7.70	124.48	6.19	16.51	127.14	12.99
EPRA – basic	9.71	129.09	7.52	7.70	124.41	6.19	16.51	125.83	13.12

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

EPRA earnings per ordinary share before movements on revaluation of investment properties, losses on surplus land, the change in fair value of interest rate swaps, and share of associate non-recurring gains have been disclosed to give a clearer understanding of the Group's underlying trading performance.

Notes to the Half Year Report (continued)

9. NON-CURRENT ASSETS

a) Investment property

	Investment property £000	Investment property under construction £000	Interests in leasehold properties £000	Total £000
At 1 April 2010	761,570	33,960	21,998	817,528
Additions	794	4,460	–	5,254
Revaluation	3,766	540	–	4,306
Adjustment to present value	–	–	108	108
Depreciation	–	–	(424)	(424)
At 30 September 2010	766,130	38,960	21,682	826,772

Capital commitments at 30 September 2010 were £1.2 million (2009: £5.8 million).

b) Plant, equipment and owner-occupied property

	Freehold property £000	Leasehold improvements £000	Plant and machinery £000	Fixtures, fittings and office equipment £000	Motor vehicles £000	Total £000
Cost						
At 1 April 2010	1,875	44	683	5,457	–	8,059
Additions	2	–	5	182	23	212
At 30 September 2010	1,877	44	688	5,639	23	8,271
Accumulated depreciation						
At 1 April 2010	(159)	(37)	(455)	(4,575)	–	(5,226)
Charge for the period	(17)	(1)	(31)	(258)	–	(307)
At 30 September 2010	(176)	(38)	(486)	(4,833)	–	(5,533)
Net book value						
At 30 September 2010	1,701	6	202	806	23	2,738
At 1 April 2010	1,716	7	228	882	–	2,833

c) Goodwill

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

d) Assets classified as held for sale

The land classified as held for sale in the prior period has been sold, with completion in October 2009. The Group received £2 million in October 2009, with a further £1.2 million received in October 2010.

Notes to the Half Year Report (continued)

9. NON-CURRENT ASSETS (continued)

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.

	30 September 2010 (unaudited) £000	30 September 2009 (unaudited) £000	31 March 2010 (audited) £000
At the beginning of the year	12,105	9,285	9,285
Subscription for partnership capital and advances	333	1,000	1,500
Share of results (see below)	1,937	1,235	1,320
	14,375	11,520	12,105

The Group's total subscription for partnership capital and advances in Big Yellow Limited Partnership to date is £12,966,000.

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

	Six months ended 30 September 2010 (unaudited) £000	Six months ended 30 September 2009 (unaudited) £000	Year ended 31 March 2010 (audited) £000
Big Yellow Limited Partnership			
Income statement (100%)			
Revenue	1,893	732	1,880
Cost of sales	(1,828)	(1,126)	(2,645)
Administrative expenses	(75)	(33)	(75)
Operating loss	(10)	(427)	(840)
Gain on the revaluation of investment properties	7,032	4,069	6,109
Gain on the disposal of surplus land	100	–	91
Net interest payable	(997)	(304)	(1,204)
Fair value movement of interest rate derivatives	(313)	365	(196)
Profit before and after tax	5,812	3,703	3,960
Balance sheet (100%)			
Investment property	96,920	65,550	79,660
Investment property under construction	7,630	20,520	12,850
Other fixed assets	754	670	753
Current assets	1,286	666	1,398
Current liabilities	(1,928)	(3,344)	(1,569)
Derivative financial instruments	(2,623)	–	(2,310)
Non-current liabilities	(58,913)	(49,505)	(54,467)
Net assets (100%)	43,126	34,557	36,315
Group share (33.3%)			
Operating loss	(3)	(142)	(280)
Gain on the revaluation of investment properties	2,344	1,356	2,036
Gain on the disposal of surplus land	33	–	30
Net interest payable	(332)	(101)	(401)
Fair value movement of interest rate derivatives	(105)	122	(65)
Profit for the period	1,937	1,235	1,320
Associate net assets	14,375	11,520	12,105

Notes to the Half Year Report (continued)

10. SURPLUS LAND

	(unaudited) £000
At 1 April 2010	20,237
Additions	340
At 30 September 2010	20,577

11. TRADE AND OTHER RECEIVABLES

	30 September 2010 (unaudited) £000	30 September 2009 (unaudited) £000	31 March 2010 (audited) £000
Trade receivables	1,623	1,611	1,796
Other receivables	1,605	792	1,592
Prepayments and accrued income	4,782	4,960	7,709
	8,010	7,363	11,097

12. TRADE AND OTHER PAYABLES

	30 September 2010 (unaudited) £000	30 September 2009 (unaudited) £000	31 March 2010 (audited) £000
Current			
Trade payables	3,596	3,963	7,425
Other payables	2,091	1,987	2,510
Accruals and deferred income	9,430	8,227	8,472
VAT repayable under Capital Goods Scheme	1,079	1,228	1,052
	16,196	15,405	19,459
Non-current			
VAT repayable under Capital Goods Scheme	1,870	2,661	1,609

13. BANK BORROWINGS

	30 September 2010 (unaudited) £000	30 September 2009 (unaudited) £000	31 March 2010 (audited) £000
Bank borrowings	280,000	311,339	300,000
Unamortised loan arrangement costs	(1,970)	(2,469)	(2,184)
	278,030	308,870	297,816

The Group's £325 million facility is currently provided by HSH Nordbank AG, Lloyds TSB Bank plc and HSBC Bank plc. The bank loan is secured on 51 of the Group's properties. The loan is due to expire on 15 September 2013.

The 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.

Notes to the Half Year Report (continued)

13. BANK BORROWINGS (continued)

The Group has two interest rate derivatives in place; £120 million fixed at 2.99% (excluding the margin on the underlying debt instrument) until September 2015 and £70 million fixed at 3.93% (excluding the margin on the underlying debt instrument) also until September 2015.

The Group does not hedge account for its interest rate swaps and states them at fair value, with changes in fair value included in the income statement. The loss in the income statement for the period of these interest rate swaps was £7,700,000 (2009: gain of £3,671,000).

At 30 September 2010 the Group was in compliance with all of its banking covenants.

	Covenant	At 30 September 2010
Minimum income cover	1.4x	3.98x
Minimum net assets	£250 million	£551.3 million
Maximum gross loan to net assets gearing	1.3:1	0.51:1

The Partnership loan has a loan to value covenant, which is first tested in November 2010, and requires the gross loan to the value of the Partnership's investment property assets to be no more than 60%. The test will be based on the 30 September 2010 valuations, and based on these, the covenant will be met at the test date.

14. ADJUSTED NET ASSETS PER SHARE

	30 September 2010 (unaudited) £000	30 September 2009 (unaudited) £000	31 March 2010 (audited) £000
Basic net asset value	551,273	531,919	547,285
Exercise of share options	559	1,516	594
Diluted net asset value	551,832	533,435	547,879
Adjustments:			
Fair value of derivatives	15,680	1,879	7,980
Fair value of derivatives – share of associate	875	583	770
EPRA net asset value	568,387	535,897	556,629
Basic net assets per share (pence)	427.0	417.0	424.0
Diluted net assets per share (pence)	419.5	407.5	418.3
EPRA net assets per share (pence)	432.0	409.3	425.0
EPRA net asset value (£000)	568,387	535,897	556,629
Valuation methodology assumption (see note 15)	37,487	35,747	37,127
Adjusted net asset value (£000)	605,874	571,644	593,756
Adjusted net assets per share (pence)	460.6	436.6	453.3
Shares in issue	131,011,087	129,469,021	130,990,837
Own shares held	(1,905,000)	(1,905,000)	(1,905,000)
Basic shares in issue used for calculation	129,106,087	127,564,021	129,085,837
Exercise of share options	2,431,858	3,353,670	1,897,685
Diluted shares used for calculation	131,537,945	130,917,691	130,983,522

Basic 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 Benefit Trust 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; and
- > the effect of alternative valuation methodology assumptions (see note 15).

Notes to the Half Year Report (continued)

15. VALUATION OF INVESTMENT PROPERTY

	Cost £000	Revaluation on cost £000	Valuation £000
Freehold stores*			
At 1 April 2010	323,914	386,446	710,360
Movement in period	677	3,833	4,510
At 30 September 2010	324,591	390,279	714,870
Leasehold stores			
At 1 April 2010	15,509	35,701	51,210
Movement in period	117	(67)	50
At 30 September 2010	15,626	35,634	51,260
Total of open stores			
At 1 April 2010	339,423	422,147	761,570
Movement in period	794	3,766	4,560
At 30 September 2010	340,217	425,913	766,130
Investment property under construction			
At 1 April 2010	47,223	(13,263)	33,960
Movement in period	4,460	540	5,000
At 30 September 2010	51,683	(12,723)	38,960
Total			
At 1 April 2010	386,646	408,884	795,530
Movement in period	5,254	4,306	9,560
At 30 September 2010	391,900	413,190	805,090

* Includes one long leasehold property.

The freehold and leasehold investment properties have been valued at 30 September 2010 by external valuers, Cushman & Wakefield LLP ["C&W"]. The valuation has been carried out in accordance with the RICS Valuation Standards published by The Royal Institution of Chartered Surveyors ["the Red Book"]. The valuation of each of the investment properties and the investment properties under construction 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 this bi-annual valuation for the same purposes as this valuation 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%.
- > The fee payable to C&W is a fixed amount per store, and is not contingent on the appraised value.

Notes to the Half Year Report (continued)

15. VALUATION OF INVESTMENT PROPERTY (continued)

Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from the recent global banking crisis coupled with the economic downturn, which have caused a low number of transactions in the market for self storage property. C&W note that, although there were a number of self storage transactions in 2007, the only two significant transactions since 2007 are the sale of a 51% share in Shurgard Europe, which was announced in January 2008 and completed on 30 September 2008 and the sale of the former Keepsafe portfolio by Macquarie to Alligator Self Storage, which was completed in January 2010. C&W state that there is therefore greater uncertainty attached to their opinion of value than would be anticipated during more active market conditions.

Valuation methodology

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

Freehold and long leasehold

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 of 6% of the estimated annual revenue subject to a cap and a collar. 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 51 trading stores [both freeholds and leaseholds] open at 30 September 2010 averages 83.71% [31 March 2010: 84.20%]. The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for the 32 established stores to trade at their maturity levels is 30 months [31 March 2010: 37 months]; for the 19 lease-up stores, the period to maturity is 46 months [31 March 2010: 50 months].
- 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, yields for other trading property types such as student housing and hotels, bank base rates, ten year money rates, inflation and the available evidence of transactions in the sector. The valuation included in the accounts assumes rental growth in future periods. If an assumption of no rental growth is applied to the external valuation, the stabilised yield for the 51 stores pre administration expenses is 8.3% [31 March 2010: 8.4%].
- 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 11.34% [31 March 2010: 11.35%].
- E. Purchaser's costs of 5.75% [see below] 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.

Short 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 seven short leasehold properties is 16.7 years [31 March 2010: 15.8 years].

Investment properties under construction

C&W have valued the stores in development adopting the same methodology as set out above but on the basis of the cash flow projection expected for the store at opening after allowing for the outstanding costs to take each scheme from its current state to completion and full fit out. C&W have allowed for holding costs and construction contingency, as appropriate. One scheme does not yet have planning consent and C&W have reflected the planning risk in their valuation.

Notes to the Half Year Report (continued)

15. VALUATION OF INVESTMENT PROPERTY (continued)

Prudent lotting

C&W have assessed the value of each property individually. However, with regard to nine recently opened stores which have low cash flow (two wholly owned and seven in the Partnership) (31 March 2010: ten stores, three wholly owned and seven in the Partnership) C&W have prepared their valuation on the assumption that were these properties to be brought to the market then they would be lotted or grouped for sale with other more mature assets of a similar type owned by the Company in such a manner as would most likely be adopted in the case of an actual sale of the interests valued. This lotting assumption has been made in order to alleviate the issue of negative or low short term cash flow. C&W have not assumed that the entire portfolio of properties owned by the Group would be sold as a single lot and the value for the whole portfolio in the context of a sale as a single lot may differ significantly from the aggregate of the individual values for each property in the portfolio, reflecting prudent lotting as described above.

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. They would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be very difficult to achieve except in a corporate structure.

This approach follows the logic of the valuation methodology in that the valuation is based on a capitalisation of the net operating income after allowing a deduction for operational 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. The Group 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 2010 of £840,960,000 (£35,870,000 higher than the value recorded in the financial statements). The valuations in Big Yellow Limited Partnership are £4,850,000 higher than the value recorded in the financial statements, of which the Group's share is £1,617,000. The sum of these is £37,487,000 and translates to 28.5 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 14).

16. 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 33.3% 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 2010 (unaudited) £000	30 September 2009 (unaudited) £000	31 March 2010 (audited) £000
Fees earned from Big Yellow Limited Partnership	496	826	1,198
Balance due from the Partnership	232	539	140

No other related party transactions took place during the period ended 30 September 2010, the period ended 30 September 2009 or the year ended 31 March 2010.

Notes to the Half Year Report (continued)

17. 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 2010. The outlook for the housing market and the economy is broadly similar to that considered in March 2010, and the risk mitigating factors listed in the 2010 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 difficult financial conditions and there is therefore an increased risk that they may default on their rent payments, however since the start of the current economic difficulties, we have not seen an increase in bad debts. We have 34,000 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.

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 2010 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, 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. 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 2010 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 LLP

Chartered Accountants and Statutory Auditors
Reading, United Kingdom
19 November 2010

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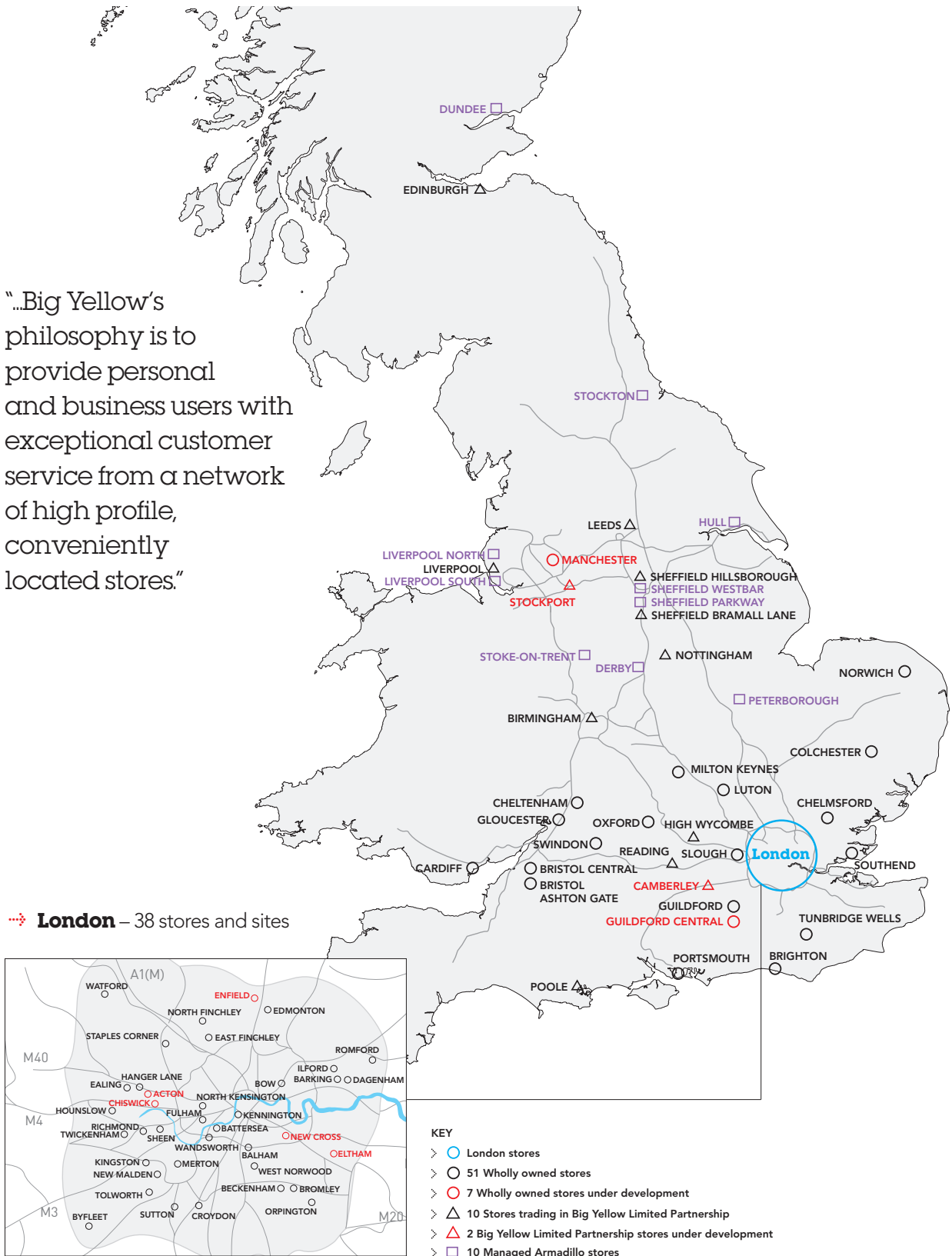


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Financial Highlights

Portfolio Summary

Chairman's Statement

Operating and
Financial Review

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Our Store Locations



Big Yellow Group PLC

2 The Deans, Bridge Road,
Bagshot, Surrey GU19 5AT

Tel: 01276 470190

Fax: 01276 470191

e-mail: info@bigyellow.co.uk