

**Big Yellow Group PLC**  
Half Year Report 2011

**The customer  
is at the heart  
of our business...**

and drives everything we do



Get some space in your life.™

# Growth in occupancy, revenue, cash flow, adjusted earnings and dividend.

## Financial Highlights

- Occupancy growth of 250,000 sq ft across all stores in the period (2010: occupancy growth of 209,000 sq ft), an average of 3,900 sq ft growth per store (2010: 3,400 sq ft per store)
- Wholly owned store occupancy growth of 176,000 sq ft in the period (2010: 151,000 sq ft)
- Store revenue for the six months (£31.9 million) up 7.4% compared to the six months to 31 March 2011 (£29.7 million) and up 6.6% from the same six months last year
- Store revenue for the second quarter increased by 7.1% to £16.6 million from £15.5 million for the same quarter last year and by 8.5% from the first quarter (£15.3 million)
- Annualised store revenue<sup>4</sup> up 10% from 31 March 2011 to £65.8 million
- Store EBITDA<sup>4</sup> of £19.8 million up 9.4% from £18.1 million in the same period last year
- Adjusted profit before tax<sup>1</sup> of £11.6 million up 20% (2010: £9.7 million)
- Diluted EPRA earnings per share<sup>2</sup> up 20% to 8.93 pence (2010: 7.44 pence)
- Cash inflows from operating activities (after net finance costs) increased by 14% to £13.5 million for the period (2010: £11.9 million)
- Adjusted net assets per share<sup>3</sup> up 1.7% to 457.5 pence (31 March 2011: 449.8 pence)
- Interim dividend of 4.5 pence per share declared (2010 interim dividend: 4 pence per share)

## Statutory

- Profit before tax for the period of £6.4 million (2010: £8.6 million)
- Basic earnings per share of 5.00 pence (2010: 6.65 pence)<sup>2</sup>
- Basic net assets per share of 423.1 pence (31 March 2011: 421.9 pence)<sup>3</sup>



## Contents

02	Chairman's Statement	12	Condensed Consolidated Balance Sheet
04	Business and Financial Review	13	Consolidated Statement of Changes in Equity
08	Responsibility Statement	14	Condensed Consolidated Cash Flow Statement
09	Portfolio Summary – Wholly Owned Stores	14	Reconciliation of Net Cash Flow to Movement in Net Debt
10	Portfolio Summary – Big Yellow Limited Partnership Stores	15	Notes to the Half Year Report
11	Condensed Consolidated Statement of Comprehensive Income	28	Independent Review Report to Big Yellow Group PLC
		29	A Quality Nationwide Portfolio

# Quality results...

## Other

- Our wholly owned store in Eltham (Maximum Lettable Area ("MLA") - 68,000 sq ft) opened during the period, with the Partnership's store in Stockport (MLA - 60,000 sq ft) opening in September. We are constructing new stores in New Cross, London (MLA - 60,000 sq ft) and Chiswick, London (MLA - 75,000 sq ft); which will open in February 2012 and May 2012 respectively. We have a pipeline of four further wholly owned development sites; all except our site in Central Manchester have planning consent.
- During the period we agreed the sale on a forward commitment of the Premier Inn hotel, which we are constructing in Richmond adjacent to our existing store. The consideration is £8.4 million of which £1 million has been received to date. The balance will be received following practical completion of the building in mid 2012.
- In August we acquired 14 million shares in the Company at an average price of 260 pence. These shares are currently being held as treasury shares.

<sup>1</sup> see note 6; <sup>2</sup> see note 8; <sup>3</sup> see note 14; <sup>4</sup> see Portfolio Summary

→ **Occupancy growth of 250,000 sq ft across all stores in the period (2010: occupancy growth of 209,000 sq ft)**

**250,000** sq ft

→ **Adjusted profit before tax of £11.6 million up 20% (2010: £9.7 million)**

**£11.6m**

→ **Cash inflows from operating activities (after net finance costs) increased by 14% to £13.5 million for the period (2010: £11.9 million)**

**£13.5m**

→ **Interim dividend of 4.5 pence per share declared (2010 interim dividend: 4 pence per share)**

**4.5p**

We believe that **Big Yellow** is a significantly better business than it was in 2007.

## 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 2011.

In what is our seasonally strongest period, we have delivered a solid performance, with improved occupancy growth across the portfolio compared to the same period last year. Occupancy growth over the six month period across all our stores was 250,000 sq ft (2010: 209,000 sq ft), an average of 3,900 sq ft per store (2010: 3,400 sq ft per store).

Wholly owned store occupancy growth was 176,000 sq ft (2010: 151,000 sq ft) in the six month period. The 32 established store portfolio increased in occupancy from 71.1% at the end of March 2011 to 74.8% in September 2011. The lease-up stores grew in occupancy from 41.5% in March 2011 to 47.1% in September 2011. The 12 stores in Big Yellow Limited Partnership increased in occupancy to 38.9% (March 2011: 31.5%), a growth of 74,000 sq ft from March 2011.

This performance has been pleasing, particularly in light of the continuing pressures on the consumer and muted economic environment, coupled with the historically low level of housing activity. We have clearly been assisted by our strong brand position, in particular online, and the focus of our stores in London and the South East where overall revenue growth per store outperformed the rest of the portfolio. This performance demonstrates the relative resilience of this emerging sector, where new supply has slowed to a trickle and awareness of the product continues to grow.

### Financial results

Store revenue for the period was £31.9 million, up 6.6% from £29.9 million in the comparable period last year, and up 7.4% compared to the previous half year period (six months to 31 March 2011: £29.7 million). Total revenue increased by 4.9% compared to the same period last year. This is lower than store revenue, reflecting a decline in income from development sites, notably at Chiswick, where we have commenced construction of a landmark store.

Total store revenue for the second quarter increased by 7.1% to £16.6 million from £15.5 million for the same quarter last year and was up 8.5% from the quarter to June 2011 (£15.3 million).

Revenue per available square foot (REVPAF) across the wholly owned portfolio, including the 68,000 sq ft store at Eltham, London, which opened in April 2011, increased from the same period last year by 4.4% to £19.33 (2010: £18.52). The REVPAF for the 32 established stores for the quarter to 30 September 2011 (£23.36) has returned to the levels we saw pre-recession in the quarter to 30 June 2007.

Store EBITDA was £19.8 million, up 9.4% from £18.1 million for the same period last year.

After adjusting the pre tax profit of £6.4 million for gains on the revaluation of investment properties and fair value losses on interest rate derivatives, the Group made an adjusted profit before tax in the period of £11.6 million, up 20% from £9.7 million for the same period last year. Diluted EPRA earnings per share was 8.93 pence (2010: 7.44 pence), an increase of 20%.

Adjusted net assets per share increased by 1.7% to 457.5 pence (March 2011: 449.8 pence).

### Property

Our wholly owned store in Eltham (Maximum Lettable Area ("MLA") – 68,000 sq ft) opened during the period, with the Partnership's store in Stockport (MLA – 60,000 sq ft) opening in September. We are constructing new stores in New Cross, London (MLA – 60,000 sq ft) and Chiswick, London (MLA – 75,000 sq ft) which will open in February 2012 and May 2012 respectively. We have a pipeline of four further wholly owned development sites; all except our site in Central Manchester have planning consent.

The three development sites with planning consent are on the A10 at Enfield, London, in Central Guildford and on the A40 at Gypsy Corner, London. These sites have an estimated cost to complete of £17 million and at this stage we have not committed to their construction, but we will keep this under review.

At 30 September 2011, the Group owned approximately a further £19.7 million of land surplus to our requirements across six sites. We have agreed to sell our surplus site at Richmond, where we are developing a Premier Inn hotel, to Total Pension Trustees Limited. The total consideration is £8.4 million. We received £1 million as the initial payment during the period and expect to receive the balancing payment of £7.4 million in mid 2012. The remaining costs to complete the development at 30 September are £4.0 million.

We have granted an option to a social housing operator at our Bow South site, and solicitors are instructed on the sale of our site at Blackheath. The total consideration from these two sales, if successful, is approximately £8 million. We aim to sell the remaining surplus land once we have maximised its value through obtaining planning.

We were pleased to be ranked 77th of the 2,103 companies that participated in the Carbon Reduction Commitment Energy Efficiency Performance League, a position that puts us in the top 4% of participating companies. We invested in an environmental and CSR programme back in 2007, which is helping us to control our energy costs. It is also important for the internal culture of the business and for our consumer brand. We were also pleased to be included in June 2011 in the Sunday Times Best 60 Green Companies.

#### **Growth opportunity**

Our business is focussed on London and the South East because we believe that this is the most resilient and dynamic part of the economy and will be least affected by public sector cuts. 72% of our current revenue derives from within the M25, and 88% for London and the South East. We would expect the proportion of revenue from London to increase over time as 72% of the current available vacant capacity in the wholly owned stores is in London, where the average net rent per sq ft is higher.

Outside London and the South East we are located in the larger metropolitan cities in the South West, Midlands and the North, where similar characteristics can be found, although London and the South East performed more strongly in the period.

We continue to believe that the value creation in this business for shareholders will in the medium term be driven mainly from leasing up the stores to increase revenue, the 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 59.3% to 63.4% in the period (63.9% on a like-for-like basis excluding Eltham). This has translated into an increase in operating cash flow of £1.6 million over the six months.

#### **Dividends**

REIT regulatory requirements determine the level of Property Income Dividend ("PID") payable by the Group. A PID of 4.5 pence per share is proposed as the total interim dividend, an increase of 12.5% from 4 pence per share for the same period last year (prior period dividend consisting of a PID of 2 pence per share and a discretionary ordinary dividend of 2 pence per share).

The increase in interim dividend is part of our strategy to pay a progressive dividend over the coming years.

#### **Share buybacks**

During the period, we acquired 1.4 million shares in the Company at an average price of 260 pence. These shares are currently being held as treasury shares. This was a tactical, not strategic decision. We will keep this under review as we have the flexibility to either sell them back into the market in due course, use them for share based remuneration or cancel them.

#### **Outlook**

It would be foolish, given the well documented economic difficulties, to be anything other than cautious. That said, trading during the period was consistently better than last year and has continued in the same vein in the weeks since the period end.

We remain alive to new store opportunities in exceptional locations, but following the completion of our Chiswick and New Cross stores in the early summer of next year, capital expenditure will largely end for the time being. This will allow us to consolidate our long held strategy of growing cash flow and earnings.

Recessions can serve as useful spurs to companies in improving their businesses and we believe that Big Yellow is a significantly better business than it was in 2007, at the start of the financial crisis. This is reflected in our branding, customer service, internet presence and operating systems. This, combined with our highly visible purpose-built stores and London presence, all assist in our drive for cash flow.

All businesses will have to adapt to a slow growth environment for probably some years to come and whilst no doubt there will be setbacks, we believe that Big Yellow can continue to make steady progress.



**Nicholas Vetch**  
Executive Chairman

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

## Business 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.

The level of enquiries across all our stores increased by 4% compared to the same six months last year. Conversion rates of these enquiries have also improved, meaning total move-ins, including the stores in Big Yellow Limited Partnership, were up 9% on the same period last year.

We achieved occupancy growth of 250,000 sq ft across all stores in the period (2010: occupancy growth of 209,000 sq ft), an average of 3,900 sq ft growth per store (2010: 3,400 sq ft per store).

Revenue per available foot (REVPAF) across the wholly owned portfolio increased from the same period last year by 4.4% to £19.33 (2010: £18.52).

### Store occupancy summary

Portfolio at 30 September 2011	Occupancy growth from March 2011 000 sq ft	30 September 2011 000 sq ft	31 March 2011 000 sq ft	30 September 2010 000 sq ft
32 established stores	71	1,452	1,381	1,427
20 lease-up stores	105	639	534	522
Total – 52 wholly owned stores	176	2,091	1,915	1,949
12 Partnership lease-up stores	74	289	215	175
Total – all 64 stores	250	2,380	2,130	2,124

At the period end, wholly owned store occupied space was 2,091,000 sq ft, up 7% from 1,949,000 sq ft at the same time last year and up 176,000 sq ft from 31 March 2011. We saw encouraging growth from both domestic customers and businesses during the six month period, with the overall split by space remaining at 65% domestic and 35% business.

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 75% occupied at the end of the period (an average of 45,000 sq ft occupied per store), with an average occupancy during the period of 73%, up from 72% for the same period last year. The closing occupancy of the 18 established stores inside London was 77% (an average of 50,000 sq ft occupied per store); for the 14 established stores outside London it was 72% (an average of 39,000 sq ft occupied per store).

Revenue for these 32 stores increased 2% compared to the same period last year. This was caused by the increase in average occupancy referred to above, and a small increase in the average rent achieved over the period. EBITDA margins for the 32 established stores increased slightly from 64.2% for the period to 30 September 2010 to 64.3% for the current period.

The lease-up stores have yet to trade at their stabilised occupancy levels. The lease-up stores have grown in occupancy by 117,000 sq ft from the same time last year, with 105,000 sq ft of this growth in the six months from 31 March 2011. The EBITDA margin on the lease-up stores has increased from 51.1% for the period to 30 September 2010 to 57.6% for the current period. The overall store EBITDA margin increased from 60.5% to 62.2%.

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.

Net achieved rents for the wholly owned stores were slightly reduced in the period, as a result of 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 which, as we have seen on individual stores, leads to an increase in net achieved rents.

We continue to improve sales of insurance, packing materials and other ancillary items, with revenue from these areas growing by 5% to £4.8 million in the period (2010: £4.6 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 15,000 sq ft across the whole portfolio. This compares to a loss in the same period in 2010 of 42,000 sq ft and in 2009 of 30,000 sq ft.

### Operating costs

Store operating costs have been held flat from the prior period, excluding the additional operating costs of Eltham, which opened in April. Including Eltham, store operating costs rose by 2% from the same period last year.

Total cost of sales in the income statement fell by 1%, although as stated above, it includes store operating costs which increased by 2%. The fall in cost of sales is due to rates rebates received in the period.

Administrative expenses have increased by 3.8% in the period, due to increased PLC corporate costs and inflationary pressures.

### Interest

The Group's average cost of borrowing during the period to 30 September 2011 was 3.7%, compared to 3.6% for the six months to 30 September 2010. The loan interest expense during the period was £0.1 million lower compared to the same period last year, due to lower average debt levels. Capitalised interest in the period was £0.4 million, £0.1 million higher than the same period last year, as a result of increased capital expenditure.

### Results

The 20% increase in adjusted profit before tax to £11.6 million was principally due to the increased store profitability as illustrated in the table below.

Movement in adjusted profit before tax	£m
Adjusted profit before tax for the six months to 30 September 2010	9.7
Increase in gross profit	1.6
Increase in administrative expenses	(0.1)
Increase in capitalised interest	0.1
Reduction in net interest payable	0.1
Reduction in share of BYLP recurring loss	0.2
Adjusted profit before tax for the six months to 30 September 2011	11.6

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

	Six months ended 30 September 2011 £m	Six months ended 30 September 2010 £m	Year ended 31 March 2011 £m
<b>Profit before tax analysis</b>			
Profit before tax	6.4	8.6	6.9
<i>Adjusted for:</i>			
(Gain)/loss on revaluation of investment properties	(2.6)	(4.3)	16.0
Change in fair value of interest rate derivatives	9.5	7.7	(0.2)
Gains on surplus land	–	–	(0.1)
Share of derivative and revaluation movements in associate	(1.7)	(2.3)	(2.4)
Adjusted profit before tax	11.6	9.7	20.2

Diluted EPRA earnings per share was 8.93 pence (2010: 7.44 pence), an increase of 20%. This increase is in line with the increase in adjusted profit before tax, however we would expect any increase in full year earnings per share to be slightly ahead of the increase in adjusted profit before tax, due to the accretive impact of the share buyback.

### Cash flow growth

Cash flows from operating activities (after net finance costs) have increased by 14% to £13.5 million for the period (2010: £11.9 million). These operating cash flows are after the ongoing maintenance costs of the stores, which are on average £30,000 per store per annum.

	Six months ended 30 September 2011 £000	Six months ended 30 September 2010 £000
Cash flow from operations	19,209	17,509
Finance costs (net)	(5,724)	(5,634)
<b>Free cash flow</b>	13,485	11,875
Capital expenditure	(11,870)	(6,487)
Asset sales	912	–
Investment in associate	(1,000)	(333)
<b>Cash flow after investing activities</b>	1,527	5,055
Dividends	(6,460)	(5,163)
Purchase of own shares	(3,726)	–
Issue of share capital	34	16
Increase/(decrease) in borrowings	9,000	(20,000)
<b>Net cash inflow/(outflow)</b>	375	(20,092)

The increase in free cash flow of £1.6 million is not as high as the increase in recurring profit of £1.9 million, due to interest received on a one year term deposit in May 2010, which was largely accrued in the year to 31 March 2010. In the six month period capital expenditure cash outflows were £11.9 million, of which £2.0 million relates to prior year expenditure on constructing our Eltham store, and a further £1.8 million relates to the construction of the hotel at Richmond, which has been forward sold to a pension fund.

## Business and Financial Review

(continued)

### Taxation

The Group is a Real Estate Investment Trust ("REIT"). We benefit from a zero tax rate on our qualifying self storage earnings. We only pay corporation tax on the profits attributable to our residual business, comprising primarily of the sale of packing materials and insurance, and management fees earned by the Group. 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.

There is a nil tax charge in the non-exempt residual business for the period ended 30 September 2011 (2010: £nil), due to tax relief in relation to the restructuring of interest rate derivatives in prior periods.

### Dividends

REIT regulatory requirements determine the level of Property Income Dividend ("PID") payable by the Group. A PID of 4.5 pence per share is proposed as the total interim dividend, an increase of 12.5% from 4 pence per share for the same period last year (prior period dividend consisting of a PID of 2 pence per share and a discretionary ordinary dividend of 2 pence per share).

The dividend is 2 times covered on our EPRA earnings per share, and 2.3 times covered on our free cash flow for the six month period.

The interim dividend will be paid on 5 January 2012 to shareholders on the Register on 9 December 2011.

### Financing and treasury

The Group has a £325 million senior debt facility, which was initially provided by HSH Nordbank, with the facility completing in September 2008. Since then, £175 million of the facility has been syndicated to Lloyds TSB Bank plc (£100 million), HSBC Bank plc (£50 million) and Santander AG (£25 million). Our relationship with these banks is not with their real estate teams, but with their corporate teams who lend to operating businesses.

The Group was comfortably in compliance with its banking covenants at 30 September 2011, as illustrated in the table below:

	Covenant	At 30 September 2011
Minimum income cover	1.5x	<b>3.66x</b>
Minimum net assets (excluding goodwill)	£250 million	<b>£540.3 million</b>
Maximum gross loan to net assets gearing	1.3:1	<b>0.53:1</b>

We drew additional debt during the period to fund the construction of our sites under development and the share buyback. Cash and cash equivalents at 30 September 2011 were £9.3 million.

Net debt at the end of September was £274.7 million leaving us £50.3 million of available funds. The net debt to gross property assets ratio is 33% and the net debt to equity ratio is 51%.

### Property

The Group's investment properties have been valued by Cushman and Wakefield LLP ("C&W"). At 30 September 2011 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 2011 £m	Revaluation movement in the period £m
Investment property	<b>52</b>	<b>765.2</b>	<b>3.0</b>
Investment property under construction	<b>6</b>	<b>39.1</b>	<b>(0.4)</b>
<i>Investment property total</i>	<b>58</b>	<b>804.3</b>	<b>2.6</b>
Surplus land	<b>6</b>	<b>19.7</b>	<b>-</b>
<b>Total</b>	<b>64</b>	<b>824.0</b>	<b>2.6</b>

### Investment property

The 51 stores open at 31 March increased in value by a modest £0.6 million, as the cash flows broadly moved in line with the previous valuation. The table below summarises the key outputs of the valuations.

	Established store portfolio	Lease-up store portfolio	All wholly owned stores
Valuation at 30 September 2011	<b>£427.9m</b>	<b>£337.3m</b>	<b>£765.2m</b>
Occupancy at 30 September 2011	<b>74.8%</b>	<b>47.1%</b>	<b>63.4%</b>
Stabilised occupancy assumed in valuations	<b>83.5%</b>	<b>81.8%</b>	<b>82.8%</b>
Net initial yield pre admin expenses	<b>6.7%</b>	<b>4.1%</b>	<b>5.6%</b>
Stabilised yield assuming no rental growth	<b>8.0%</b>	<b>8.6%</b>	<b>8.2%</b>

The initial yield on the established portfolio of 32 stores pre-administration expenses, assuming no rental growth is 6.7% rising to a stabilised yield of 8.0%. If we include the 20 lease-up stores, then on the portfolio as a whole the initial yield pre-administration expenses is 5.6% rising to 8.2% (March 2011: 8.4%).

#### *Investment property under construction*

Eltham was transferred from investment property under construction to investment property on the opening of the store in April. The remaining six wholly owned development sites have increased in value by £7.7 million, £8.1 million relating to capital expenditure incurred, with the balance of £0.4 million a revaluation deficit, due to an increase in forecast operating costs for the stores. C&W's forecast valuations for when the 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 £63.5 million on the five wholly owned development sites with planning consent.

In their report to us, C&W 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 £8.9 million was made against these sites, representing approximately a third of the cost of the land. The book value has increased from £17.6 million at 31 March 2011 principally as a result of capital expenditure on the hotel at Richmond.

#### **Net asset value**

The adjusted net asset value is 457.5 pence per share (see note 14), up 1.7% from 449.8 pence per share at 31 March 2011. The table below reconciles the movement from 31 March 2011:

	Equity shareholders' funds £m	EPRA adjusted NAV pence per share
<b>Movement in adjusted net asset value</b>		
31 March 2011	591.4	449.8
Adjusted profit before tax	11.6	8.9
Equity dividends paid	(6.5)	(4.9)
Revaluation movements (including share of BYLP)	4.4	3.4
Movement in purchaser's cost adjustment	0.5	0.4
Share buyback	(3.7)	2.0
Other movements (eg share options)	0.3	(2.1)
<b>30 September 2011</b>	<b>598.0</b>	<b>457.5</b>

#### **Big Yellow Limited Partnership**

Big Yellow Limited Partnership, a joint venture with Pramerica Real Estate Investors Limited, owns self storage centres 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 is included in operating profit and our net investment is shown in the balance sheet within "Investment in Associate".

The Partnership is currently trading from twelve open stores. There are no further stores under development.

Our estimate of the equity commitment required to fund both the losses to break even and the remaining second phase fit out of the stores is £1 million.

The Group earns certain property acquisition, planning, construction and operational fees from the Partnership. For the period to 30 September 2011, these fees amounted to £0.4 million (2010: £0.5 million).

The occupancy of the stores is 289,000 sq ft, against a total capacity of 743,000 sq ft, with growth of 114,000 sq ft in the last twelve months, of which 74,000 sq ft has been since 31 March 2011. The stores have been open on average 27 months and in that time have achieved occupancy of 38.9% (March 2011: 31.5%). The average net rent achieved at 30 September 2011 at the Partnership stores is £18.34 per sq ft, a decrease of 3% from the same time last year. The REVPAF of the portfolio increased by 39% to £9.04 for the six months to 30 September 2011 (2010: £6.51). In the earlier 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 Partnership made an operating profit of £0.8 million in the period, of which Big Yellow's share is a third. After net interest costs and the revaluation of investment properties and interest rate derivatives, the profit for the period for the Partnership was £4.6 million, of which the Group's share was £1.5 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.

## 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

21 November 2011

## Portfolio Summary – Wholly Owned Stores

Wholly owned stores	September 2011 Established <sup>(1)</sup>	September 2011 Lease-up	September 2011 Total	September 2010 Established	September 2010 Lease-up	September 2010 Total
Number of stores	32	20	52	32	19	51
<b>At 30 September:</b>						
Total capacity (sq ft)	1,941,000	1,356,000	3,297,000	1,941,000	1,288,000	3,229,000
Occupied space (sq ft)	1,452,000	639,000	2,091,000	1,427,000	522,000	1,949,000
Percentage occupied	74.8%	47.1%	63.4%	73.5%	40.5%	60.4%
Net rent per sq ft	£26.41	£27.28	£26.68	£26.18	£27.92	£26.69
Annualised revenue (£000)	44,746	21,058	65,804	43,559	17,798	61,357
<b>For the 6 month period:</b>						
REVPAF <sup>(2)</sup>	£22.61	£14.64	£19.33	£22.14	£13.06	£18.52
Average occupancy	73.3%	43.9%	61.3%	72.0%	37.8%	58.4%
Average annual rent psf	£26.40	£27.51	£26.70	£26.27	£28.25	£26.78
	£000	£000	£000	£000	£000	£000
Self storage income	18,830	8,209	27,039	18,402	6,895	25,297
Other storage related income <sup>(3)</sup>	3,081	1,691	4,772	3,060	1,506	4,566
Ancillary store rental income	33	23	56	27	9	36
Total store revenue	21,944	9,923	31,867	21,489	8,410	29,899
Direct store operating costs (excluding depreciation)	(6,834)	(4,190)	(11,024)	(6,729)	(4,091)	(10,820)
Short and long leasehold rent <sup>(4)</sup>	(1,010)	(22)	(1,032)	(972)	(22)	(994)
Store EBITDA <sup>(5)</sup>	14,100	5,711	19,811	13,788	4,297	18,085
Store EBITDA Margin <sup>(6)</sup>	64.3%	57.6%	62.2%	64.2%	51.1%	60.5%
<b>Cumulative capital expenditure</b>	£m	£m	£m			
To 30 September 2011	162.5	204.7	367.2			
To complete	–	3.5	3.5			
Total capital expenditure	162.5	208.2	370.7			

(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 20 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 five have opened since 1 April 2008.

(2) Total store revenue divided by the average maximum lettable area in the period.

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

(4) 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.

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

(6) Of the established stores, the seven leasehold stores achieved a store EBITDA of £2.3 million and an EBITDA margin of 46%. The freehold stores achieved a store EBITDA of £11.8 million and an EBITDA margin of 70%.

## Portfolio Summary – Big Yellow Limited Partnership Stores

	September 2011	September 2010
Number of stores	<b>12</b>	10
<b>At 30 September:</b>		
Total capacity (sq ft)	<b>743,000</b>	616,000
Occupied space (sq ft)	<b>289,000</b>	175,000
Percentage occupied	<b>38.9%</b>	28.4%
Net rent per sq ft	<b>£18.34</b>	£18.87
Annualised revenue (£000)	<b>6,729</b>	4,294
<b>For the 6 month period:</b>		
REVPAF	<b>£9.04</b>	£6.51
Average occupancy	<b>38.0%</b>	24.4%
Average annual rent psf	<b>£18.66</b>	£19.03
	<b>£000</b>	£000
Self storage income	<b>2,455</b>	1,431
Other storage related income	<b>667</b>	461
Ancillary store rental income	<b>2</b>	1
Total store revenue	<b>3,124</b>	1,893
Direct store operating costs (excluding depreciation)	<b>(1,900)</b>	(1,549)
Store EBITDA	<b>1,224</b>	344
Store EBITDA Margin	<b>39.2%</b>	18.2%
<b>Cumulative capital expenditure</b>		
	<b>£m</b>	
To 30 September 2011	<b>102.1</b>	
To complete	<b>3.9</b>	
Total capital expenditure	<b>106.0</b>	

# Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 September 2011

	Note	Six months ended 30 September 2011 (unaudited) £000	Six months ended 30 September 2010 (unaudited) £000	Year ended 31 March 2011 (audited) £000
<b>Revenue</b>	2	<b>32,645</b>	31,125	61,885
Cost of sales		<b>(11,723)</b>	(11,840)	(22,669)
<b>Gross profit</b>		<b>20,922</b>	19,285	39,216
Administrative expenses		<b>(3,578)</b>	(3,448)	(7,158)
<b>Operating profit before gains and losses on property assets</b>		<b>17,344</b>	15,837	32,058
Gain/(loss) on the revaluation of investment properties	15	<b>2,631</b>	4,306	(16,039)
(Losses)/gains on surplus land		<b>(1)</b>	–	71
<b>Operating profit</b>		<b>19,974</b>	20,143	16,090
Share of profit of associate	9d	<b>1,548</b>	1,937	1,826
Investment income – interest receivable	3	<b>5</b>	100	114
– fair value movement of derivatives	3	<b>–</b>	–	197
Finance costs – interest payable	4	<b>(5,591)</b>	(5,888)	(11,326)
– fair value movement of derivatives	4	<b>(9,499)</b>	(7,700)	–
<b>Profit before taxation</b>		<b>6,437</b>	8,592	6,901
Taxation	5	<b>–</b>	–	–
<b>Profit for the period (attributable to equity shareholders)</b>		<b>6,437</b>	8,592	6,901
<b>Total comprehensive income for the period attributable to equity shareholders</b>		<b>6,437</b>	8,592	6,901
<b>Basic earnings per share</b>	8	<b>5.00p</b>	6.65p	5.34p
<b>Diluted earnings per share</b>	8	<b>4.95p</b>	6.58p	5.29p

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 2011

	Note	30 September 2011 (unaudited) £000	30 September 2010 (unaudited) £000	31 March 2011 (audited) £000
<b>Non-current assets</b>				
Investment property	9a	765,210	766,130	745,840
Investment property under construction	9a	39,070	38,960	46,310
Interest in leasehold properties	9a	20,790	21,682	21,244
Plant, equipment and owner-occupied property	9b	2,585	2,738	2,674
Goodwill	9c	1,433	1,433	1,433
Investment in associate	9d	17,479	14,375	14,931
		<b>846,567</b>	845,318	832,432
<b>Current assets</b>				
Surplus land	10	19,693	20,577	17,633
Inventories		338	299	319
Trade and other receivables	11	7,414	8,010	11,540
Cash and cash equivalents		9,329	10,527	8,954
		<b>36,774</b>	39,413	38,446
<b>Total assets</b>		<b>883,341</b>	884,731	870,878
<b>Current liabilities</b>				
Trade and other payables	12	(19,988)	(16,196)	(22,718)
Obligations under finance leases		(1,947)	(1,957)	(1,947)
		<b>(21,935)</b>	(18,153)	(24,665)
<b>Non-current liabilities</b>				
Derivative financial instruments		(17,282)	(15,680)	(7,783)
Bank borrowings	13	(282,560)	(278,030)	(273,230)
Obligations under finance leases		(18,843)	(19,725)	(19,297)
Other payables	12	(954)	(1,870)	(954)
		<b>(319,639)</b>	(315,305)	(301,264)
<b>Total liabilities</b>		<b>(341,574)</b>	(333,458)	(325,929)
<b>Net assets</b>		<b>541,767</b>	551,273	544,949
<b>Equity</b>				
Called up share capital		13,136	13,101	13,106
Share premium account		43,408	43,398	43,404
Reserves		485,223	494,774	488,439
<b>Equity shareholders' funds</b>		<b>541,767</b>	551,273	544,949

## Consolidated Statement of Changes in Equity

Six months ended 30 September 2011 (unaudited)

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2011	13,106	43,404	1,653	488,682	(1,896)	544,949
Total comprehensive income for the period	–	–	–	6,437	–	6,437
Issue of share capital	30	4	–	–	–	34
Credit to equity for equity-settled share based payments	–	–	–	533	–	533
Purchase of own shares	–	–	–	–	(3,726)	(3,726)
Dividends	–	–	–	(6,460)	–	(6,460)
<b>At 30 September 2011</b>	<b>13,136</b>	<b>43,408</b>	<b>1,653</b>	<b>489,192</b>	<b>(5,622)</b>	<b>541,767</b>

Six months ended 30 September 2010 (unaudited)

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2010	13,099	43,384	1,653	491,045	(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	495,017	(1,896)	551,273

Year ended 31 March 2011 (audited)

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2010	13,099	43,384	1,653	491,045	(1,896)	547,285
Total comprehensive income for the period	–	–	–	6,901	–	6,901
Issue of share capital	7	20	–	–	–	27
Dividends	–	–	–	(10,328)	–	(10,328)
Credit to equity for equity-settled share based payments	–	–	–	1,064	–	1,064
At 31 March 2011	13,106	43,404	1,653	488,682	(1,896)	544,949

# Condensed Consolidated Cash Flow Statement

Six months ended 30 September 2011

	Six months ended 30 September 2011 (unaudited) £000	Six months ended 30 September 2010 (unaudited) £000	Year ended 31 March 2011 (audited) £000
	<i>Note</i>		
Operating profit	19,974	20,143	16,090
(Gain)/loss on the revaluation of investment properties	(2,631)	(4,306)	16,039
Losses/(gains) on surplus land	1	–	(71)
Depreciation	280	307	611
Depreciation of finance lease obligations	454	424	910
Employee share options	803	813	1,641
Increase in inventories	(19)	(4)	(24)
Decrease/(increase) in receivables	4,126	2,784	(1,945)
(Decrease)/increase in payables	(3,779)	(2,652)	1,674
<b>Cash generated from operations</b>	<b>19,209</b>	<b>17,509</b>	<b>34,925</b>
Interest paid	(5,729)	(6,036)	(11,806)
Interest received	5	402	415
<b>Cash flows from operating activities</b>	<b>13,485</b>	<b>11,875</b>	<b>23,534</b>
<b>Investing activities</b>			
Disposal of surplus land	912	–	4,497
Additions to non-current assets	(9,628)	(5,723)	(11,864)
Additions to surplus land	(1,788)	(340)	(621)
Investment in associate	(1,000)	(333)	(1,000)
<b>Cash flows from investing activities</b>	<b>(11,504)</b>	<b>(6,396)</b>	<b>(8,988)</b>
<b>Financing activities</b>			
Issue of share capital	34	16	27
Payment of finance lease liabilities	(454)	(424)	(910)
Purchase of own shares	(3,726)	–	–
Equity dividends paid	(6,460)	(5,163)	(10,328)
Increase/(decrease) in borrowings	9,000	(20,000)	(25,000)
<b>Cash flows from financing activities</b>	<b>(1,606)</b>	<b>(25,571)</b>	<b>(36,211)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>375</b>	<b>(20,092)</b>	<b>(21,665)</b>
	<i>A</i>		
<b>Opening cash and cash equivalents</b>	<b>8,954</b>	<b>30,619</b>	<b>30,619</b>
<b>Closing cash and cash equivalents</b>	<b>9,329</b>	<b>10,527</b>	<b>8,954</b>

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

Six months ended 30 September 2011

	Six months ended 30 September 2011 (unaudited) £000	Six months ended 30 September 2010 (unaudited) £000	Year ended 31 March 2011 (audited) £000
Net increase/(decrease) in cash and cash equivalents	375	(20,092)	(21,665)
Cash (inflow)/outflow from (increase)/decrease in debt financing	(9,000)	20,000	25,000
Change in net debt resulting from cash flows	(8,625)	(92)	3,335
<b>Movement in net debt in the period</b>	<b>(8,625)</b>	<b>(92)</b>	<b>3,335</b>
Net debt at start of period	(266,046)	(269,381)	(269,381)
<b>Net debt at end of period</b>	<b>(274,671)</b>	<b>(269,473)</b>	<b>(266,046)</b>

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 2011 are unaudited and were approved by the Board on 21 November 2011. The financial information contained in this report in respect of the year ended 31 March 2011 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 2011.

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.

	<b>Six months ended 30 September 2011 (unaudited) £000</b>	Six months ended 30 September 2010 (unaudited) £000	Year ended 31 March 2011 (audited) £000
<b>Open stores</b>			
Self storage income	<b>27,039</b>	25,297	50,690
Other storage related income	<b>4,772</b>	4,566	8,844
Ancillary store rental income	<b>56</b>	36	88
	<b>31,867</b>	29,899	59,622
<b>Stores under development</b>			
Non-storage income	<b>159</b>	530	937
<b>Fee income</b>			
Fees earned from Big Yellow Limited Partnership	<b>419</b>	496	920
Other management fees earned	<b>200</b>	200	406
<b>Revenue per income statement</b>	<b>32,645</b>	31,125	61,885
Investment income (see note 3)	<b>5</b>	100	114
<b>Total revenue per IAS 18</b>	<b>32,650</b>	31,225	61,999

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

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

The seasonality of the business is discussed in note 17.

### 3. INVESTMENT INCOME

	<b>Six months ended 30 September 2011 (unaudited) £000</b>	Six months ended 30 September 2010 (unaudited) £000	Year ended 31 March 2011 (audited) £000
Interest receivable on bank deposits	<b>5</b>	100	114
Fair value movement on derivatives	<b>–</b>	–	197
Total investment income	<b>5</b>	100	311

## Notes to the Half Year Report (continued)

### 4. FINANCE COSTS

	Six months ended 30 September 2011 (unaudited) £000	Six months ended 30 September 2010 (unaudited) £000	Year ended 31 March 2011 (audited) £000
Interest on bank borrowings	5,492	5,624	11,074
Capitalised interest	(449)	(308)	(878)
Other interest payable	7	2	7
Interest on finance lease obligations	541	570	1,123
<b>Total interest payable</b>	<b>5,591</b>	5,888	11,326
Change in fair value of interest rate derivatives	9,499	7,700	–
<b>Total finance costs</b>	<b>15,090</b>	13,588	11,326

### 5. TAX

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 2011 (unaudited) £000	Six months ended 30 September 2010 (unaudited) £000	Year ended 31 March 2011 (audited) £000
Profit before tax	6,437	8,592	6,901
(Gain)/loss on revaluation of investment properties – wholly owned	(2,631)	(4,306)	16,039
Share of gain on revaluation of investment properties – associate	(1,725)	(2,344)	(2,241)
Change in fair value of interest rate swaps – Group	9,499	7,700	(197)
Share of change in fair value of interest rate swaps – associate	40	105	(191)
Losses/(gains) on surplus land (including share of associate)	1	(33)	(104)
Adjusted profit before tax	<b>11,621</b>	9,714	20,207
Net bank and other interest	5,045	5,218	10,089
Depreciation	280	307	611
Adjusted EBITDA	<b>16,946</b>	15,239	30,907

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

## Notes to the Half Year Report (continued)

### 7. DIVIDENDS

	<b>Six months ended 30 September 2011 (unaudited) £000</b>	Six months ended 30 September 2010 (unaudited) £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2011 of 5p (2010: 4p) per share.	<b>6,460</b>	5,163
Proposed interim dividend for the year ended 31 March 2012 of 4.5p (2011: 4p) per share.	<b>5,762</b>	5,164

The proposed interim dividend of 4.5 pence per ordinary share will be paid on 5 January 2012 to shareholders on the Register on 9 December 2011. The interim dividend is all Property Income Dividend.

### 8. EARNINGS PER ORDINARY SHARE

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

	Six months ended 30 September 2011 (unaudited)			Six months ended 30 September 2010 (unaudited)			Year ended 31 March 2011 (audited)		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	<b>6.44</b>	<b>128.83</b>	<b>5.00</b>	8.59	129.09	6.65	6.90	129.11	5.34
<i>Adjustments:</i>									
Dilutive share options	–	<b>1.37</b>	<b>(0.05)</b>	–	1.41	(0.07)	–	1.38	(0.05)
Diluted	<b>6.44</b>	<b>130.20</b>	<b>4.95</b>	8.59	130.50	6.58	6.90	130.49	5.29
<i>Adjustments:</i>									
(Gain)/loss on revaluation of investment properties	<b>(2.63)</b>	–	<b>(2.02)</b>	(4.31)	–	(3.30)	16.04	–	12.29
Change in fair value of interest rate derivatives	<b>9.50</b>	–	<b>7.30</b>	7.70	–	5.90	(0.20)	–	(0.15)
Losses on surplus land	–	–	–	–	–	–	(0.07)	–	(0.05)
Share of associate non-recurring gains	<b>(1.69)</b>	–	<b>(1.30)</b>	(2.27)	–	(1.74)	(2.46)	–	(1.89)
EPRA – diluted	<b>11.62</b>	<b>130.20</b>	<b>8.93</b>	9.71	130.50	7.44	20.21	130.49	15.49
EPRA – basic	<b>11.62</b>	<b>128.83</b>	<b>9.02</b>	9.71	129.09	7.52	20.21	129.11	15.65

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

EPRA earnings per ordinary share before the revaluation of investment properties, gains and losses on surplus land, the change in fair value of interest rate derivatives, and the Group's share of its associate's derivative and revaluation movements has 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
<b>At 1 April 2011</b>	745,840	46,310	21,244	813,394
Additions	1,421	8,078	–	9,499
Reclassification to investment property	14,910	(14,910)	–	–
Revaluation	3,039	(408)	–	2,631
Depreciation	–	–	(454)	(454)
<b>At 30 September 2011</b>	<b>765,210</b>	<b>39,070</b>	<b>20,790</b>	<b>825,070</b>

Capital commitments at 30 September 2011 were £7.2 million (31 March 2011: £1.2 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
<b>Cost</b>						
At 1 April 2011	1,867	44	744	5,831	25	8,511
Additions	6	–	16	169	–	191
<b>At 30 September 2011</b>	<b>1,873</b>	<b>44</b>	<b>760</b>	<b>6,000</b>	<b>25</b>	<b>8,702</b>
<b>Accumulated depreciation</b>						
At 1 April 2011	(191)	(41)	(515)	(5,087)	(3)	(5,837)
Charge for the period	(17)	(2)	(25)	(233)	(3)	(280)
<b>At 30 September 2011</b>	<b>(208)</b>	<b>(43)</b>	<b>(540)</b>	<b>(5,320)</b>	<b>(6)</b>	<b>(6,117)</b>
<b>Net book value</b>						
<b>At 30 September 2011</b>	<b>1,665</b>	<b>1</b>	<b>220</b>	<b>680</b>	<b>19</b>	<b>2,585</b>
At 1 April 2011	1,676	3	229	744	22	2,674

#### c) Goodwill

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

## Notes to the Half Year Report (continued)

### 9. NON-CURRENT ASSETS (continued)

#### d) 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 2011 (unaudited) £000	30 September 2010 (unaudited) £000	31 March 2011 (audited) £000
At the beginning of the year	14,931	12,105	12,105
Subscription for partnership capital and advances	1,000	333	1,000
Share of results (see below)	1,548	1,937	1,826
	<b>17,479</b>	14,375	14,931

The Group's total subscription for partnership capital and advances in Big Yellow Limited Partnership to date is £14,632,000.

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 2011 (unaudited) £000	Six months ended 30 September 2010 (unaudited) £000	Year ended 31 March 2011 (audited) £000
<b>Big Yellow Limited Partnership</b>			
<b>Income statement (100%)</b>			
Revenue	3,124	1,893	4,134
Cost of sales	(2,284)	(1,828)	(3,836)
Administrative expenses	(24)	(75)	(75)
Operating profit/(loss)	816	(10)	223
Gain on the revaluation of investment properties	5,175	7,032	6,725
Gain on the disposal of surplus land	–	100	99
Net interest payable	(1,228)	(997)	(2,141)
Fair value movement of interest rate derivatives	(120)	(313)	574
Profit before and after tax	4,643	5,812	5,480
<b>Balance sheet (100%)</b>			
Investment property	116,860	96,920	105,450
Investment property under construction	–	7,630	2,730
Other fixed assets	724	754	725
Current assets	1,100	1,286	1,981
Current liabilities	(2,090)	(1,928)	(2,160)
Derivative financial instruments	(1,856)	(2,623)	(1,736)
Non-current liabilities	(62,300)	(58,913)	(62,195)
<b>Net assets (100%)</b>	<b>52,438</b>	43,126	44,795
<b>Group share (33.3%)</b>			
Operating profit/(loss)	272	(3)	74
Gain on the revaluation of investment properties	1,725	2,344	2,241
Gain on the disposal of surplus land	–	33	33
Net interest payable	(409)	(332)	(713)
Fair value movement of interest rate derivatives	(40)	(105)	191
Profit for the period	1,548	1,937	1,826
Associate net assets	17,479	14,375	14,931

## Notes to the Half Year Report (continued)

### 10. SURPLUS LAND

	£000
At 1 April 2011	17,633
Additions	2,060
<b>At 30 September 2011</b>	<b>19,693</b>

### 11. TRADE AND OTHER RECEIVABLES

	30 September 2011 (unaudited) £000	30 September 2010 (unaudited) £000	31 March 2011 (audited) £000
Trade receivables	1,462	1,623	1,776
Other receivables	407	1,605	274
Prepayments and accrued income	5,545	4,782	9,490
	<b>7,414</b>	8,010	11,540

The other receivables balance has reduced from 30 September 2010 due to the deferred consideration of £1.2 million on the sale of surplus land at our site in Twickenham, which was received in October 2010.

### 12. TRADE AND OTHER PAYABLES

	30 September 2011 (unaudited) £000	30 September 2010 (unaudited) £000	31 March 2011 (audited) £000
<b>Current</b>			
Trade payables	4,140	3,596	9,885
Other payables	2,802	2,091	2,075
Accruals and deferred income	12,126	9,430	9,663
Amounts owed to associate	2	–	177
VAT repayable under Capital Goods Scheme	918	1,079	918
	<b>19,988</b>	16,196	22,718
<b>Non-current</b>			
VAT repayable under Capital Goods Scheme	954	1,870	954

Included within accruals and deferred income is £912,000 received in the period (after disposal costs) as a payment on account in respect of the disposal of the surplus land at our Richmond development site.

## Notes to the Half Year Report (continued)

### 13. BANK BORROWINGS

	30 September 2011 (unaudited) £000	30 September 2010 (unaudited) £000	31 March 2011 (audited) £000
Bank borrowings	<b>284,000</b>	280,000	275,000
Unamortised loan arrangement costs	<b>(1,440)</b>	(1,970)	(1,770)
	<b>282,560</b>	278,030	273,230

The Group's £325 million facility is currently provided by HSH Nordbank AG, Lloyds TSB Bank plc, HSBC Bank plc and Santander SA. The bank loan is secured on 55 of the Group's properties. The loan expires 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.

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 £9,499,000 (2010: loss of £7,700,000).

At 30 September 2011 the Group was in compliance with all of its banking covenants.

	Covenant	At 30 September 2011
Minimum income cover	1.5x	<b>3.66x</b>
Minimum net assets (excluding goodwill)	£250 million	<b>£540.3 million</b>
Maximum gross loan to net assets gearing	1.3:1	<b>0.53:1</b>

The Partnership loan has a loan to value covenant, which requires the gross loan to the value of the Partnership's investment property assets to be no more than 55%. The test is based on the 30 September 2011 valuations, and these indicate compliance with the covenant.

## Notes to the Half Year Report (continued)

### 14. ADJUSTED NET ASSETS PER SHARE

	<b>30 September 2011 (unaudited) £000</b>	30 September 2010 (unaudited) £000	31 March 2011 (audited) £000
Basic net asset value	<b>541,767</b>	551,273	544,949
Exercise of share options	<b>369</b>	559	603
EPRA NNNAV	<b>542,136</b>	551,832	545,552
Adjustments:			
Fair value of derivatives	<b>17,282</b>	15,680	7,783
Fair value of derivatives – share of associate	<b>619</b>	875	579
EPRA NAV	<b>560,037</b>	568,387	553,914
Basic net assets per share (pence)	<b>423.1</b>	427.0	421.9
EPRA NNNAV per share (pence)	<b>414.8</b>	419.5	415.0
EPRA NAV per share (pence)	<b>428.5</b>	432.0	421.3
EPRA NAV (£000)	<b>560,037</b>	568,387	553,914
Valuation methodology assumption (£000) (see note 15)	<b>37,937</b>	37,487	37,483
Adjusted net asset value (£000)	<b>597,974</b>	605,874	591,397
Adjusted net assets per share (pence)	<b>457.5</b>	460.6	449.8
Shares in issue	<b>131,355,716</b>	131,011,087	131,060,522
Own shares held	<b>(3,303,867)</b>	(1,905,000)	(1,905,000)
Basic shares in issue used for calculation	<b>128,051,849</b>	129,106,087	129,155,522
Exercise of share options	<b>2,654,006</b>	2,431,858	2,315,475
Diluted shares used for calculation	<b>130,705,855</b>	131,537,945	131,467,997

Basic net assets per share are shareholders' funds divided by the number of shares at the period end. The shares currently held in treasury and 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. VALUATIONS OF INVESTMENT PROPERTY

	Cost £000	Revaluation on cost £000	Valuation £000
<b>Freehold stores*</b>			
At 1 April 2011	325,353	373,177	698,530
Transfer from investment property under construction	13,776	1,134	14,910
Movement in the period	1,343	4,107	5,450
<b>At 30 September 2011</b>	<b>340,472</b>	<b>378,418</b>	<b>718,890</b>
<b>Leasehold stores</b>			
At 1 April 2011	15,692	31,618	47,310
Movement in the period	78	(1,068)	(990)
<b>At 30 September 2011</b>	<b>15,770</b>	<b>30,550</b>	<b>46,320</b>
<b>Total of open stores</b>			
At 1 April 2011	341,045	404,795	745,840
Transfer from investment property under construction	13,776	1,134	14,910
Movement in the period	1,421	3,039	4,460
<b>At 30 September 2011</b>	<b>356,242</b>	<b>408,968</b>	<b>765,210</b>
<b>Investment property under construction</b>			
At 1 April 2011	58,260	(11,950)	46,310
Transfer to investment property	(13,776)	(1,134)	(14,910)
Movement in the period	8,078	(408)	7,670
<b>At 30 September 2011</b>	<b>52,562</b>	<b>(13,492)</b>	<b>39,070</b>
<b>Total</b>			
At 1 April 2011	399,305	392,845	792,150
Movement in the period	9,499	2,631	12,130
<b>At 30 September 2011</b>	<b>408,804</b>	<b>395,476</b>	<b>804,280</b>

\* Includes one long leasehold property.

The freehold and leasehold investment properties have been valued at 30 September 2011 by external valuers, Cushman & Wakefield LLP ("C&W"). The valuation has been carried out in accordance with the RICS Valuation Standards – Global & UK, 7th Edition, 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 either Market Value or Market Value as a fully equipped operational entity, having regard to trading potential, as appropriate.

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.

### 15. VALUATIONS 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 significant transactions since 2007 are:

- > The sale of a 51% share in Shurgard Europe which was announced in January 2008 and completed on 31 March 2008.
- > The sale of the former Keepsafe portfolio by Macquarie to Alligator Self Storage which was completed in January 2010; and
- > The purchase by Shurgard Europe of the 80% interests held by its joint venture partner (Arcapita) in its two European joint venture vehicles, First Shurgard and Second Shurgard. The price paid was 172 million Euros and the transaction was announced in March 2011. The two joint ventures owned 72 self storage properties.

Two further smaller transactions have taken place in 2011 at West Molesey in Surrey and in Cambridge.

C&W observe that in order to provide a rational opinion of value at the present time it is necessary to assume 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 active market conditions.

#### **Valuation methodology**

C&W have adopted different approaches for the valuation of the freehold and leasehold 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 52 trading stores (both freeholds and leaseholds) open at 30 September 2011 averages 82.77% (31 March 2011: 83.14%). 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 30.5 months (31 March 2011: 36.5 months); for the 20 lease-up stores, the period to maturity is 45.5 months (31 March 2011: 49.1 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 net initial yield pre administration expenses for the 32 established stores is 6.69% (31 March 2011: 6.30%) rising to a stabilised net yield pre administration expenses of 7.99% (31 March 2011: 8.15%). Also on a no growth and pre administration expenses basis, the 20 lease-up stores have a net initial yield of 4.10% rising to 8.55% on stabilisation.
- 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 11.23% (31 March 2011: 11.29%).
- E. Purchaser's costs of 5.8% (see below) have been assumed initially and sale plus purchaser's costs totalling 6.8% 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 15.7 years (31 March 2011: 16.2 years).

### 15. VALUATIONS OF INVESTMENT PROPERTY (continued)

#### *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 and 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.

#### *Prudent lotting*

C&W have assessed the value of each property individually. However, with regard to eight recently opened stores which have low cash flow (four wholly owned and four in the Partnership) (31 March 2011: eight stores, three wholly owned and five 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 5.8% of gross value, as if they were sold directly as property assets. The valuation is an asset valuation which is entirely linked to the operating performance of the business. They would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be very difficult to achieve except in a corporate structure.

This approach follows the logic of the valuation methodology in that the valuation is based on a capitalisation of the net operating income after allowing a deduction for operational 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 2011 of £840,460,000 (£36,180,000 higher than the value recorded in the financial statements). The valuations in Big Yellow Limited Partnership are £5,270,000 higher than the value recorded in the financial statements, of which the Group's share is £1,757,000. The sum of these is £37,937,000 and translates to 29.0 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 14).

## Notes to the Half Year Report (continued)

### 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.

#### Dreams plc

Steve Johnson, a Non-Executive Director of the Group was appointed as Executive Chairman of Dreams plc in July 2011. During the period, the Group entered into a lease over a retail unit at its Eltham store with Dreams plc on normal commercial terms.

#### AnyJunk Limited

James Gibson is a Non-Executive Director and shareholder in AnyJunk Limited, and Adrian Lee is a shareholder in AnyJunk Limited. During the period AnyJunk Limited provided waste disposal services to the Group on normal commercial terms.

#### Transactions with Big Yellow Limited Partnership

As described in note 9d, 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 2011 (unaudited) £000	30 September 2010 (unaudited) £000	31 March 2011 (audited) £000
Fees earned from Big Yellow Limited Partnership	419	496	920
Balance (owed to)/due from the Partnership	(2)	232	(177)

No other related party transactions took place during the period ended 30 September 2011, the period ended 30 September 2010 or the year ended 31 March 2011.

### 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 2011. The outlook for the housing market and the economy is broadly similar to that considered in March 2011, and the risk mitigating factors listed in the 2011 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. 2-3% in the December quarter. The New Year typically sees 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 35,000 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. 78% 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 2011 which comprises the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement, the reconciliation of net cash flow to movement in net debt and related notes 1 to 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 it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial 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 2011 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 Auditor  
Reading, United Kingdom  
21 November 2011

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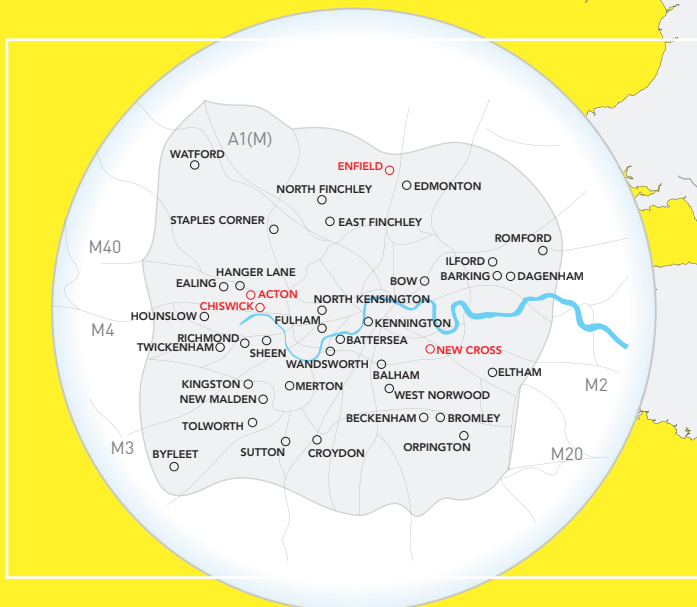
# A Quality nationwide portfolio...

from a network of conveniently located stores

"...Big Yellow's philosophy is to provide personal and business users with exceptional customer service from a network of high profile, conveniently located stores."

📍 **London** – 38 stores and sites

📍 **Outside London**  
– 42 stores and sites



- KEY
- > ○ London stores
  - > ○ 52 Wholly owned stores
  - > ○ 6 Wholly owned stores under development
  - > △ 12 Stores trading in Big Yellow Limited Partnership
  - > □ 10 Managed Armadillo stores

Highlights

Chairman's Statement

Business and Financial Review

Portfolio Summary

Half Year Report

You can access more information about us on our website

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