



19 November 2013

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

Results for the Six Months and Second Quarter ended 30 September 2013

VAT IMPACT OFFSET BY UNDERLYING GROWTH

	Six months ended 30 September 2013	Six months ended 30 September 2012	%
Financial metrics			
Revenue	£35.9 million	£36.2 million	(1)
Adjusted profit before tax ⁽¹⁾	£14.2 million	£13.9 million	2
Adjusted EPRA earnings per share ⁽²⁾	10.1 pence	10.7 pence	(6)
Interim dividend per share	8 pence	5 pence	60
Adjusted NAV per share ⁽³⁾	436.3 pence	427.9 pence	2
Cash flow from operating activities (after finance costs) ⁽⁴⁾	£14.0 million	£14.9 million	(6)
Store metrics			
Occupancy growth – all stores (sq ft)	232,000	243,000	(5)
Occupancy growth – wholly owned stores (sq ft)	188,000	177,000	6
Occupancy – wholly owned stores	70.5%	67.3%	5
Like-for-like revenue per available foot ⁽⁵⁾	£20.39	£20.78	(2)
Statutory metrics			
Profit before tax	£34.5 million	£27.2 million	27
Basic earnings per share	24.7 pence	21.2 pence	17

Highlights

- Revenue performance in line with guidance following introduction of VAT on 1 October 2012
- Net rent per sq ft increased by 2.9% from 1 April 2013
- Adjusted profit before tax up 2% to £14.2 million
- 60% increase in interim dividend, in line with new dividend policy to distribute 80% of full year adjusted earnings per share
- Reduction of Group net debt by £1.8 million to £228.6 million
- Prominent 70,000 sq ft MLA Gypsy Corner store on A40 in West London is under construction and expected to open 1 April 2014 on time and on budget
- Seasonal loss of occupancy in seven weeks since period end significantly down on last year at 32,000 sq ft (2012: loss of 91,000 sq ft)
- Revenue in October 2013 up 5.1% from October 2012

¹ see note 6; ² see note 8; ³ see note 14; ⁴ see Business and Financial Review; ⁵ see Portfolio Summary

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Commenting, Nicholas Vetch, Executive Chairman, said:

“We have delivered a good performance with occupancy growth across the wholly owned portfolio in line with the same period last year. This occupancy growth, combined with an improvement in yield, has offset the adverse impact, particularly within the established portfolio, from the introduction of VAT in the second half of last year. We achieved like for like revenue growth of 5.1% in October (the first month following the anniversary of the VAT introduction), demonstrating that the VAT impact is firmly in the past and we are now returning to more normal growth.

In our final statement earlier this year we expressed some cautious grounds for optimism which currently looks justified, given the improving economic picture and current trading. We have significant belief in London reinforcing its position as one of the world’s leading cities, if not the pre-eminent one. The weighting of our portfolio to the Greater London area will benefit from the capital’s growth.

We believe that the Company will continue to deliver attractive sustainable returns, on a relatively low risk and limited volatility basis on a long term view. The total returns set out in the statement well illustrate the power of compounding.

Our confidence in this outlook is reinforced by the power of our brand, our market leading operating platform and critically in our exposure to London and the South East.”

- Ends -

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Notes to Editors

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

Big Yellow has expanded rapidly and now operates from 66 stores, 58 in London and the South, two in Sheffield, and one each in Birmingham, Edinburgh, Leeds, Liverpool, Nottingham and Stockport. We own a further four development sites, of which three have planning. Of the 70 total stores and sites, 59 are held freehold and four long leasehold (together representing approximately 94% by value of the total property assets); seven stores are held short leasehold. All the stores have distinct yellow branding, with the majority being within the M25 or in strong urban conurbations. The Group currently operates from a platform of 4.2 million sq ft. When fully built out the portfolio will provide approximately 4.4 million sq ft of flexible storage space.

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



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

Results for the Six Months and Second Quarter ended 30 September 2013

Chairman’s Statement

Big Yellow Group PLC the UK’s brand leader in self storage, is pleased to announce its results for the six months and the quarter ended 30 September 2013.

We have delivered a good performance with occupancy growth across the wholly owned portfolio in line with the same period last year. This occupancy growth, combined with an improvement in yield, has offset the adverse impact, particularly within the established portfolio, from the introduction of VAT in the second half of last year. We achieved like for like revenue growth of 5.1% in October (the first month following the anniversary of the VAT introduction), demonstrating that the VAT impact is firmly in the past and we are now returning to more normal growth.

Occupancy growth over the six month period across all our stores was 232,000 sq ft (2012: 243,000 sq ft). Wholly owned store occupancy growth in the six month period was 188,000 sq ft (2012: 177,000 sq ft). The 32 established store portfolio increased in occupancy from 72.8% at the end of March 2013 to 77.1% in September 2013. The 22 lease-up stores grew in occupancy from 54.3% in March 2013 to 61.9% in September 2013. Overall like-for-like closing occupancy for the Group is 70.5% compared to 64.8% at 31 March 2013.

The 12 stores in Big Yellow Limited Partnership increased in occupancy to 60.5% (March 2013: 54.6%), a growth of 44,000 sq ft from March 2013.

Financial results

Store revenue for the period was £35.1 million, down 1% from £35.5 million in the comparable period last year, and up 7% compared to the previous half year period (six months to 31 March 2013: £32.8 million). This is in line with the guidance given at our full year results, and is the result of the reduction in the average rental yield following the introduction of VAT offset in part by growth in occupancy.

Total store revenue for the second quarter decreased by 1% to £18.4 million from £18.6 million for the same quarter last year and was up 10% from the quarter to June 2013 (£16.7 million).

Store EBITDA was £22.9 million, down 1% from £23.2 million for the same period last year. The overall store margin was 65.2%, down slightly from 65.4% for the same period last year.

The Group made an adjusted profit before tax in the period of £14.2 million, up 2% from £13.9 million for the same period last year (see note 6), and up 22% from the six months to 31 March 2013 (£11.6 million). Diluted EPRA earnings per share were 10.1 pence (2012: 10.7 pence), a decrease of 6%, and an increase of 17% from the six months to 31 March 2013 (8.6 pence). Adjusted net assets per share are 436.3 pence, an increase of 4% from 419.2 pence at 31 March 2013.

Leverage study of optimal capital structure

The Company has carried out a study of debt leverage and its impact on the long term share performance of businesses, with the help of an external consultant. The study covered 40 publically quoted companies in the REIT space together with other consumer facing businesses for the period from 2000 to 2013.

The main objective was to see if the results supported our long held view that lower geared businesses outperform in the long term.

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Evidently different business models with varying operating margins might have, at the margin, different optimum levels of debt. However a consistent theme emerged that excessive levels of debt have been universally value destructive. In a narrow window between 2003 and 2006 higher levels of debt would have delivered higher returns, but even during that period optimum levels of debt were lower than might be expected, and would have required pinpoint accuracy in timing.

Transmission of this value destruction did result in significant underperformance and marked increases in share price volatility.

Optimum levels of gearing (expressed as net debt to gross asset value) ranged from 10% in moments of extreme fear (2008 to 2009) to 43% in periods of exuberance (2003 to 2006). Using 2009 to 2013 as a base, being more representative of the long term norm, albeit on a conservative basis, the optimum level of debt was found to be 23%.

We have previously said that we believe that the Group would benefit from lower leverage and the Board has a long term target of Group income cover of over 5 times. The relationship of this metric to capital leverage is not perfectly correlated but making long term assumptions on values and interest is reasonably correlated. We believe that the optimum level of debt for Big Yellow is 20% to 30% with a target of mid 20s from the current level of 29%. Given the subjective nature of valuation we prefer to express this target as net operating income over debt costs.

Shareholder returns since flotation and dividends

In the thirteen years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return (“TSR”), including dividends reinvested, of 13.9% per annum, in aggregate 479.5% at the closing price of 470p on 14 November 2013. This compares to 6.4% per annum for the FTSE Real Estate Index and 4.7% per annum for the FTSE All Share index over the same period.

At the time of the placing in January of this year, the Board committed to pay a dividend of 80% of full year adjusted earnings per share from this financial year. The interim dividend declared is 8 pence per share. This has all been declared as Property Income Dividend (“PID”). The interim dividend declared represents an increase of 60% from 5 pence per share for the same period last year.

Outlook

In our final statement earlier this year we expressed some cautious grounds for optimism which currently looks justified, given the improving economic picture and current trading. We have significant belief in London reinforcing its position as one of the world’s leading cities, if not the pre-eminent one. The weighting of our portfolio to the Greater London area will benefit from the capital’s growth.

We believe that the Company will continue to deliver attractive sustainable returns, on a relatively low risk and limited volatility basis on a long term view. The total returns set out above well illustrate the power of compounding.

Our confidence in this outlook is reinforced by the power of our brand, our market leading operating platform and critically in our exposure to London and the South East.

Nicholas Vetch
Executive Chairman
18 November 2013

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Business and Financial Review

Trading performance

Since we reported in May, the macroeconomic performance of the UK and in particular London and the South East has beaten expectations, with downbeat forecasts earlier in the year now being revised upwards. Self storage reacts to economic and housing activity, which are linked, and both of which have been improving gradually over the summer. This improved sentiment will incrementally feed through to our business, resulting in growing occupancy, earnings and cash flow. This is against a backdrop of limited new supply with very few new store openings committed in our core area of operation. Additionally, awareness of self storage continues to grow with the majority of our new customers using self storage for the first time.

Our third quarter is historically the weakest trading quarter and in recent years we have typically lost two to three percentage points of occupancy before a return to growth in the new year. Since the end of September we have seen an improvement, with 32,000 sq ft (0.9% of maximum lettable area "MLA") lost since the end of September, compared to 91,000 sq ft (2.6% of MLA) lost at this stage last year. The move outs have been in line with our expectations following the strong summer trading. This improved performance is largely driven by an increase in move-ins of 14% compared to the same period last year, coupled with the impact of VAT in the prior year.

Store occupancy

The level of enquiries across all our stores increased by 10% compared to the same six months last year. Conversion rates of these enquiries have remained strong, meaning total move-ins, including the stores in Big Yellow Limited Partnership, were up 7.5% on the same period last year. We are experiencing a higher level of churn in the business, with move-outs increasing by a similar amount when compared to the same period last year.

We achieved occupancy growth of 232,000 sq ft across all stores in the period (2012: occupancy growth of 243,000 sq ft).

	Occupancy at 30 September 2013	Occupancy growth from March 2013 000 sq ft	30 September 2013 000 sq ft	31 March 2013 000 sq ft	30 September 2012 000 sq ft
Portfolio at 30 September 2013					
Established stores	77.1%	75	1,488	1,413	1,495
Lease-up stores	61.9%	113	923	810	815
Total – wholly owned stores	70.5%	188	2,411	2,223	2,310
Partnership lease-up stores	60.5%	44	453	409	391
Total – all stores	68.7%	232	2,864	2,632	2,701

At the period end, wholly owned store occupied space was 2,411,000 sq ft, up 4.4% from 2,310,000 sq ft at the same time last year and up 188,000 sq ft from 31 March 2013. We saw encouraging growth from domestic, student and business customers during the six month period, with the overall split by space being 68% domestic and 32% business at 30 September 2013. The improving domestic and student occupancy has slightly changed the mix from the same time last year, which was 67% domestic and 33% 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. The occupancy of the stores in the established portfolio was impacted by the introduction of VAT in the second half of last year, with occupancy falling from 77.0% at September 2012 to 72.8% at 31 March 2013. This portfolio of stores (with an average net lettable area of 60,300 sq ft) recovered to 77.1% occupied at the end of the period. This occupancy represents an average of 46,500 sq ft occupied per store.

The closing occupancy of the 18 established stores inside London was 77.9% (an average of 50,400 sq ft occupied per store); for the 14 established stores outside London, closing occupancy was 75.3% (an average of 41,400 sq ft occupied per store).

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Pricing and rental yield

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 rent at 30 September 2013 was up 2.9% from 31 March 2013. Our key aim over the next two to three years is to drive occupancy in the stores. As the stores lease-up, our pricing model reduces the level of promotional discounts offered in individual stores. This squeezing out of promotions leads to an increase in net achieved rents. The table below illustrates this, showing the growth in net rent per sq ft for the portfolio over the six month period.

Average occupancy in the six months	Net rent per sq ft growth over the six months
0 to 60%	1.0%
60 to 75%	1.8%
75 to 85%	2.6%
Above 85%	5.4%

Security of income

Our principal financial aims remain growing cash flow, earnings and dividend. We believe that self storage income is essentially evergreen income with highly defensive characteristics driven from buildings with very low obsolescence risk. Although its form of contract with its customers is in theory as short as a week, it does not need to rely on contract for its income security. At 30 September 2013 the average length of stay for existing customers was 20 months. For all customers, including those who have moved out of the business, the average length of stay has remained at 8 months. In our established store portfolio, 34% of our customers by occupied space have been storing with us for over three years, and a further 14% of customers in these stores have been in the business for between one and three years.

The location of our stores, brand, security, and most importantly customer service, together with the diversity of our 43,000 customers, will serve better than any contract.

Revenue

	Six months to 30 September 2013	Six months to 31 March 2013	Six months to 30 September 2012
	£000	£000	£000
Established stores	21,843	20,952	23,183
Lease-up stores	13,237	11,852	12,347
Total revenue	35,080	32,804	35,530

Revenue for the established stores decreased 5.8% compared to the same period last year, but was up 4.3% compared to the six months to 31 March 2013. The fall compared to the same period last year was due to the decrease in average occupancy and the 5.8% decrease in the average net rent achieved over the period, offset by an increase in other storage related income. The revenue for the 32 established stores in October 2013 was up 0.3% on October 2012. EBITDA margins for the 32 established stores decreased from 67.4% for the period to 30 September 2012 to 66.0% for the current period.

The lease-up stores have grown in occupancy by 108,000 sq ft from the same time last year, and by 113,000 sq ft in the six months from 31 March 2013. Revenue growth in the lease-up portfolio was 7.2% compared to the same period last year and up 11.6% from the six months to 31 March 2013. The revenue for the 22 lease-up stores in October 2013 was up 14% on October 2012. The EBITDA margin on the lease-up stores has increased from 61.7% for the period to 30 September 2012 to 63.7% for the current period. The overall store EBITDA margin decreased from 65.4% to 65.2%.

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Like-for-like revenue per available foot ("REVPAF") was £20.39 for the six months, a decrease of 1.9% from £20.78 for the six months to 30 September 2012 and an increase of 6.4% from £19.17 for the six months ended 31 March 2013.

We continue to improve sales of insurance, packing materials and other ancillary items, with revenue from these areas growing by 3.4% to £5.5 million in the period (2012: £5.3 million).

Operating costs

Store operating costs have reduced by £0.2 million from the prior period, due to the increased recoverability of VAT compared to the prior year, in part offset by an increase in operating costs, notably property rates.

Total cost of sales in the income statement are in line with the prior period, with the reduction in store costs offset by the prior period containing a write back of an accrual for a rental uplift at one of our leasehold stores, which was settled lower than budgeted.

Administrative expenses in the income statement have decreased by £0.3 million. The prior year contained a couple of one-off items including the costs incurred in challenging and implementing the imposition of VAT on self storage, which was adjusted from the Group's recurring profit for that six month period. The administrative expenses in the current period has also reduced due to the increased recoverability of input VAT.

Interest

Following the placing in January of this year and land sales in the last financial year, we repaid £45 million of variable bank debt, at a lower all in cost of 2.9%. This coupled with the refinancing during the prior year at higher margins, has led to an increase in the Group's average cost of borrowing during the period to 30 September 2013 of 4.5%, compared to 3.8% for the six months to 30 September 2012. The loan interest expense during the period was £0.1 million lower than the same period last year, due to the lower average debt levels in part offset by the higher average cost of debt. Capitalised interest in the period was £0.2 million, in line with the same period last year, as a result of capital expenditure on Gypsy Corner.

Results

The 2% increase in adjusted profit before tax to £14.2 million is reconciled in the table below:

Movement in adjusted profit before tax	£m
Adjusted profit before tax for the six months to 30 September 2012	13.9
Reduction in gross profit	(0.3)
Reduction in administrative expenses	0.2
Reduction in net interest payable	0.4
Adjusted profit before tax for the six months to 30 September 2013	14.2

The share of the Partnership's recurring profit was in line with the same period last year.

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

Profit before tax analysis	Six months ended 30 September 2013 £m	Six months to 30 September 2012 £m	Year ended 31 March 2013 £m
Profit before tax	34.5	27.2	31.9
<i>Adjusted for:</i>			
Gain on revaluation of investment properties	(17.8)	(11.5)	(9.5)
Change in fair value of interest rate derivatives	(1.8)	-	0.2
Gains on surplus land	-	(0.2)	(1.0)

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Refinancing costs	-	-	4.3
VAT implementation costs	-	0.1	0.2
Share of non-recurring gains in associate	(0.7)	(1.7)	(0.6)
Adjusted profit before tax	14.2	13.9	25.5

Diluted EPRA earnings per share was 10.1 pence (2012: 10.7 pence), a decrease of 6% from the same period last year, and an increase of 17% from the six months to 31 March 2013 (8.6 pence).

Cash flow growth

Cash flows from operating activities (after net finance costs) have decreased by 6% to £14.0 million for the period (2012: £14.9 million), largely due to working capital movements. These operating cash flows are after the ongoing maintenance costs of the stores, which are on average £35,000 per store per annum.

	Six months ended 30 September 2013	Six months ended 30 September 2012
	£000	£000
Cash generated from operations	19,330	21,004
Finance costs (net) (see below)	(5,345)	(6,067)
Free cash flow	13,985	14,937
Non-recurring finance costs (see below)	-	(10,650)
Capital expenditure	(3,818)	(7,040)
Surplus land sales	-	12,335
VAT received on surplus land sales (adjusted from movement in creditors)	-	2,430
Investment in associate	-	(1,000)
Cash flow after investing activities	10,167	11,012
Dividends	(8,384)	(7,057)
Issue of share capital	33	976
Decrease in borrowings	(7,957)	(6,761)
Net cash outflow	(6,141)	(1,830)

The capital expenditure in the period principally relates to the construction costs of our Gypsy Corner store.

The non-recurring finance costs incurred in the prior period relate to the cancellation of interest rate swaps (£9.2 million) and arrangement fees and costs incurred in completing the loan from Aviva (£1.5 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 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.

There is a nil tax charge in the non-exempt residual business for the period ended 30 September 2013 (2012: £nil), due to tax relief in relation to the restructuring of interest rate derivatives in prior periods and the utilisation of other brought forward tax losses.

Dividends

REIT regulatory requirements determine the level of Property Income Dividend ("PID") payable by the Group. A PID of 8 pence per share is proposed as the total interim dividend, an increase of 60% from 5 pence per share PID for the same period last year.

The interim dividend will be paid on 9 January 2014, the ex-div date is 11 December 2013 and the record date is 13 December 2013.

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Financing and treasury

In April 2012 the Group agreed a £100 million 15 year loan with Aviva Commercial Finance Limited, secured over a portfolio of 15 freehold self storage centres. The annual fixed interest rate on the loan is 4.9%. The loan amortises to £60 million over the course of the 15 years, consistent with the Group's medium term debt reduction strategy. The debt service is payable monthly based on fixed annual amounts. The loan outstanding on the fifth anniversary will be £89.8 million; £76.7 million on the tenth anniversary, with £60 million at expiry in April 2027.

The Group also has a £155 million 4 year bank facility with Lloyds, HSBC and Santander, expiring in September 2016. £120 million of the facility is term loan with the balance of £35 million revolving. £70 million of this debt is fixed through an interest rate swap expiring in September 2016 at a fixed rate of 2.8% plus margin. The £63 million balance of the bank debt drawn accrues interest at variable rates based on one month LIBOR plus margin.

The facilities attract a ratcheted margin over LIBOR based on interest cover. The Group is currently paying a blended 2.4% margin, the lowest margin on the ratchet, which is effective for income cover of greater than 3 times.

The Group's cost of funding is summarised in the table below:

	Amount of debt (£m)	Weighted average interest cost (%)
Aviva debt	97.3	4.9
Fixed rate bank debt	70.0	5.3
Floating rate bank debt	63.0	2.9
Total debt	230.3	4.5

The Group was comfortably in compliance with its banking covenants at 30 September 2013.

Group net debt was reduced in the period by £1.8 million to £228.6 million. The net debt to gross property assets ratio is 29% and the net debt to equity ratio is 39%.

Property

We have a pipeline of four 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 in Enfield, London, in Central Guildford and on the A40 at Gypsy Corner, London. We are constructing the store at Gypsy Corner, which will open in April 2014. We are commencing detailed design works on the Enfield store, and anticipate that construction will commence in June 2014, with a planned opening in April 2015. The three sites with planning consent have an aggregate estimated cost to complete of £13.1 million.

The Group's investment properties have been valued by Cushman and Wakefield LLP ("C&W"). At 30 September 2013 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 2013 £m	Revaluation movement in the period £m
Investment property	54	763.7	18.0
Investment property under construction	4	19.0	(0.2)
<i>Investment property total</i>	58	782.7	17.8
Surplus land	3	6.0	-
Total	61	788.7	17.8

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Investment property

The valuation uplift for the open stores in the period, before an adjustment for the Capital Goods Scheme, was £18.9 million, as the growth in cash flows feed through to the valuation, coupled with a reduction in cap rate for a number of the London stores. The recognition of the Capital Goods Scheme receivable in the prior period reduced the book cost of the investment properties, and produced a revaluation surplus in the period. The revaluation uplift in the prior period, before adjusting for the impact of the Capital Goods Scheme, was £0.7 million. The table below summarises the key outputs of the valuations for the wholly owned open store portfolio.

	Established store portfolio	Lease-up store portfolio	Total
Number of stores	32	22	54
MLA capacity (sq ft)	1,930,000	1,491,000	3,421,000
Valuation at 30 September 2013	£406.3 million	£357.4 million	£763.7 million
Value per sq ft	£211	£240	£223
Occupancy at 30 September 2013	77.1%	61.9%	70.5%
Stabilised occupancy assumed in valuations	82.1%	80.8%	81.5%
Net initial yield pre-admin expenses	7.1%	5.4%	6.3%
Stabilised yield assuming no rental growth	7.8%	7.8%	7.8%

The initial yield on the established portfolio of 32 stores before administration expenses and assuming no rental growth, is 7.1% rising to a stabilised yield of 7.8% (March 2013: 6.8% rising to 8.1%). Including the 22 lease-up stores, the initial yield pre-administration expenses is 6.3% rising to 7.8% (March 2013: 5.9% rising to 8.2%).

Investment property under construction

The four wholly owned development sites have increased in value by £1.7 million in line with capital expenditure incurred at Gypsy Corner. 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 £30.9 million on the three wholly owned development sites with planning consent.

In their report, 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

At 30 September 2013 the Group owned £6.0 million of land surplus to our requirements across three sites. We aim to sell this surplus land once we have maximised its realisable value through planning improvements. In the period a tenant vacated an office attached to one of our stores. We are looking at the options for redeveloping this office, which has been transferred to surplus land from investment property. The sites are held at the lower of cost and net realisable value and have not been externally valued.

Capital Goods Scheme receivable

We have a receivable of £9.9 million in respect of payments due back to the Group under the Capital Goods Scheme as a consequence of the introduction of VAT on self storage from 1 October 2012. The debtor has been reduced in the period by £0.6 million following the identification of some trapped Capital Goods Scheme recovery. We have also made revisions to the timing of the payments due back to the Group. The final amount is subject to agreement with HMRC. The debtor has been discounted in accordance with International Accounting Standards to the net present value using the Group's average cost of debt, with £0.2 million of the discount being unwound through interest receivable in the period. The gross value of the debtor before discounting is £11.3 million. The first payment under the Capital Goods Scheme of £0.8 million was received in October 2013.

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Net asset value

The adjusted net asset value is 436.3 pence per share (see note 14), up 4% from 419.2 pence per share at 31 March 2013. The table below reconciles the movement from 31 March 2013.

Movement in adjusted net asset value	Equity shareholders' funds £m	EPRA adjusted NAV pence per share
1 April 2013	594.5	419.2
Adjusted profit before tax	14.2	10.0
Equity dividends paid	(8.4)	(5.9)
Revaluation movements (including share of BYLP)	18.3	12.8
Movement in purchaser's cost adjustment	1.1	0.7
Other movements (eg share incentives)	0.7	(0.5)
30 September 2013	620.4	436.3

Big Yellow Limited Partnership

Big Yellow Limited Partnership, a joint investment with Pramerica Real Estate Investors Limited, owns self storage centres outside London. In the consolidated accounts of Big Yellow Group PLC, the Partnership is treated as an associate using the equity accounting method. The Partnership is currently trading from twelve stores. There are no further stores under development.

The occupancy of the stores is 453,000 sq ft, against a total capacity of 749,000 sq ft, with growth of 62,000 sq ft in the last twelve months, of which 44,000 sq ft has been since 31 March. The stores' occupancy at 30 September 2013 was 60.5% (March 2013: 54.6%). The net rent achieved at 30 September 2013 by the Partnership stores is £17.31 per sq ft, a decrease of 4.7% from the same time last year, and an increase of 3.5% from 31 March 2013. The REVPAF of the portfolio increased by 11% to £12.63 for the six months to 30 September 2013 compared to the same period last year (£11.33) and by 16% from £10.90 for the six months to 31 March 2013.

The Partnership made an operating profit of £2.3 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 £2.6 million, of which the Group's share was £0.9 million.

The Group earns certain construction and operational fees from the Partnership. For the period to 30 September 2013, these fees amounted to £0.3 million (2012: £0.3 million).

The Partnership has a receivable of £4.3 million in the period in respect of payments due back to the Partnership under the Capital Goods Scheme. This amount is subject to agreement with HMRC. The receivable has been discounted; the gross value of the receivable before discounting is £4.9 million. The first payment under the Capital Goods Scheme of £0.4 million was received by the Partnership in October 2013.

The Partnership has a £60 million bank facility with RBS and HSBC expiring in September 2016. Interest rate swaps are in place covering £30 million of the debt at a pre-margin cost of 1.05%. These swaps commenced in July 2013 following the expiry of legacy swaps at a higher pre-margin cost. The balance of the drawn debt pays interest based on three month LIBOR plus margin. There is a margin ratchet based on the Partnership's income cover which ranges between 250 bps and 400 bps. The facility's weighted average interest cost is 4.8%. £1 million of the bank facility was repaid in the period reducing it to £59 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. The option was deferred in March 2013, and is next exercisable in March 2014 (subject to meeting certain return hurdles) and again in March 2015. 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.

BIG YELLOW GROUP PLC

James Gibson
Chief Executive Officer
18 November 2013

John Trotman
Chief Financial Officer
18 November 2013

BIG YELLOW GROUP PLC

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

18 November 2013

BIG YELLOW GROUP PLC
PORTFOLIO SUMMARY – WHOLLY OWNED STORES

	September 2013 Established (¹)	September 2013 Lease-up	September 2013 Total	September 2012 Established	September 2012 Lease-up	September 2012 Total
Wholly owned stores						
Number of stores	32	22	54	32	22	54
At 30 September:						
Total capacity (sq ft) (²)	1,930,000	1,491,000	3,421,000	1,941,000	1,491,000	3,432,000
Occupied space (sq ft)	1,488,000	923,000	2,411,000	1,495,000	815,000	2,310,000
Percentage occupied	77.1%	61.9%	70.5%	77.0%	54.7%	67.3%
Net rent per sq ft	£25.43	£25.25	£25.36	£27.00	£26.89	£26.96
For the 6 month period:						
REVPAF(³)	£22.47	£17.70	£20.39	£23.82	£16.75	£20.78
Average occupancy	75.5%	58.6%	68.1%	76.3%	51.5%	65.6%
Average annual rent psf	£25.32	£25.14	£25.25	£26.87	£27.06	£26.93
	£000	£000	£000	£000	£000	£000
Self storage income	18,583	11,007	29,590	19,953	10,270	30,223
Other storage related income (⁴)	3,204	2,153	5,357	3,190	2,013	5,203
Ancillary store rental income	56	77	133	40	64	104
Total store revenue	21,843	13,237	35,080	23,183	12,347	35,530
Direct store operating costs (excluding depreciation)	(6,442)	(4,782)	(11,224)	(6,720)	(4,711)	(11,431)
Short and long leasehold rent(⁵)	(974)	(22)	(996)	(844)	(22)	(866)
Store EBITDA(⁶)	14,427	8,433	22,860	15,619	7,614	23,233
Store EBITDA margin(⁷)	66.0%	63.7%	65.2%	67.4%	61.7%	65.4%
Cumulative capital expenditure	£m	£m	£m			
To 30 September 2013	163.5	241.3	404.8			
To complete	-	2.4	2.4			
Total capital expenditure	163.5	243.7	407.2			

(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 22 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 seven have opened since 1 April 2008.

(2) The capacity of the established stores has fallen as space at one store has been earmarked for redevelopment.

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

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

(5) 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 one long leasehold lease-up store with a capacity of 64,000 sq ft.

(6) Earnings before interest, tax, depreciation, amortisation and allocation of central overhead.

(7) Of the established stores, the seven leaseholds achieved a store EBITDA of £2.6 million and an EBITDA margin of 50%. The freehold stores achieved a store EBITDA of £11.8 million and an EBITDA margin of 71%.

PORTFOLIO SUMMARY – BIG YELLOW LIMITED PARTNERSHIP STORES

	September 2013	September 2012
Number of stores	12	12
At 30 September:		
Total capacity (sq ft)	749,000	743,000
Occupied space (sq ft)	453,000	391,000
Percentage occupied	60.5%	52.6%
Net rent per sq ft	£17.31	£18.17
For the 6 month period:		
REVPAF	£12.63	£11.33
Average occupancy	58.1%	49.7%
Average annual rent psf	£17.45	£18.29
	£000	£000
Self storage income	3,810	3,390
Other storage related income	913	817
Ancillary store rental income	23	12
Total store revenue	4,746	4,219
Direct store operating costs (excluding depreciation)	(2,031)	(2,086)
Store EBITDA	2,715	2,133
Store EBITDA margin	57.2%	50.6%
Cumulative capital expenditure		
	£m	
To 30 September 2013	102.3	
To complete	1.4	
Total capital expenditure	103.7	

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 September 2013

		Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Revenue	2	35,866	36,188	69,671
Cost of sales		(12,237)	(12,256)	(24,493)
Gross profit		<hr/> 23,629	<hr/> 23,932	<hr/> 45,178
Administrative expenses		(4,063)	(4,353)	(7,724)
Operating profit before gains and losses on property assets		<hr/> 19,566	<hr/> 19,579	<hr/> 37,454
Gain on the revaluation of investment properties	9a	17,841	11,521	9,535
Gains on surplus land		8	183	1,039
Operating profit		<hr/> 37,415	<hr/> 31,283	<hr/> 48,028
Share of profit of associate	9d	850	1,884	618
Investment income – interest receivable	3	216	14	33
– fair value movement of derivatives	3	1,800	2	-
Finance costs – interest payable	4	(5,760)	(5,941)	(12,280)
– fair value movement of derivatives	4	-	-	(223)
– refinancing costs	4	-	-	(4,300)
Profit before taxation		<hr/> 34,521	<hr/> 27,242	<hr/> 31,876
Taxation	5	-	-	-
Profit for the period (attributable to equity shareholders)		<hr/> 34,521	<hr/> 27,242	<hr/> 31,876
Total comprehensive income for the period attributable to equity shareholders		<hr/> 34,521	<hr/> 27,242	<hr/> 31,876
Basic earnings per share	8	24.7p	21.2p	24.4p
Diluted earnings per share	8	24.5p	21.0p	24.1p

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 2013

		30 September	30 September	31 March 2013
		2013	2012	(audited)
	Note	(unaudited)	(unaudited)	(audited)
		£000	£000	£000
Non-current assets				
Investment property	9a	763,690	745,485	745,605
Investment property under construction	9a	18,997	17,898	17,277
Interest in leasehold properties	9a	21,320	21,951	21,803
Plant, equipment and owner-occupied property	9b	2,963	2,615	2,750
Goodwill	9c	1,433	1,433	1,433
Investment in associate	9d	18,531	18,380	17,681
Capital Goods Scheme receivable	11	7,600	7,501	7,501
		<hr/>	<hr/>	<hr/>
		834,534	815,263	814,050
Current assets				
Surplus land	10	5,984	7,566	4,593
Inventories		280	326	300
Trade and other receivables	11	10,737	11,478	14,450
Cash and cash equivalents		1,709	8,230	7,850
		<hr/>	<hr/>	<hr/>
		18,710	27,600	27,193
Total assets				
		<hr/>	<hr/>	<hr/>
		853,244	842,863	841,243
Current liabilities				
Trade and other payables	12	(19,725)	(21,612)	(24,421)
Obligations under finance leases		(1,952)	(1,946)	(1,952)
Borrowings	13	(1,985)	(179,214)	(1,937)
		<hr/>	<hr/>	<hr/>
		(23,662)	(202,772)	(28,310)
Non-current liabilities				
Derivative financial instruments		(3,694)	(6,573)	(5,494)
Borrowings	13	(227,015)	(95,917)	(234,948)
Obligations under finance leases		(19,368)	(20,005)	(19,851)
Other payables	12	-	(32)	(12)
		<hr/>	<hr/>	<hr/>
		(250,077)	(122,527)	(260,305)
Total liabilities				
		<hr/>	<hr/>	<hr/>
		(273,739)	(325,299)	(288,615)
Net assets				
		<hr/>	<hr/>	<hr/>
		579,505	517,564	552,628
Equity				
Called up share capital		14,285	13,173	14,264
Share premium account		44,290	44,374	44,278
Reserves		520,930	460,017	494,086
		<hr/>	<hr/>	<hr/>
Equity shareholders' funds		579,505	517,564	552,628

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2013 (unaudited)

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Other distributable reserves £000	Own shares £000	Total £000
At 1 April 2013	14,264	44,278	1,653	463,263	34,793	(5,623)	552,628
Total comprehensive income for the period	-	-	-	34,521	-	-	34,521
Issue of share capital	21	12	-	-	-	-	33
Credit to equity for equity-settled share based payments	-	-	-	707	-	-	707
Dividends	-	-	-	(8,384)	-	-	(8,384)
At 30 September 2013	14,285	44,290	1,653	490,107	34,793	(5,623)	579,505

Six months ended 30 September 2012 (unaudited)

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2012	13,139	43,432	1,653	441,899	(5,623)	494,500
Total comprehensive income for the period	-	-	-	27,242	-	27,242
Issue of share capital	34	942	-	-	-	976
Credit to equity for equity-settled share based payments	-	-	-	1,903	-	1,903
Dividends	-	-	-	(7,057)	-	(7,057)
At 30 September 2012	13,173	44,374	1,653	463,987	(5,623)	517,564

Year ended 31 March 2013 (audited)

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Other distributable reserves £000	Own shares £000	Total £000
At 1 April 2012	13,139	43,432	1,653	441,899	-	(5,623)	494,500
Total comprehensive gain for the year	-	-	-	31,876	-	-	31,876
Issue of share capital	1,125	846	-	-	34,793	-	36,764
Dividends	-	-	-	(13,543)	-	-	(13,543)
Credit to equity for equity-settled share based payments	-	-	-	3,031	-	-	3,031
At 31 March 2013	14,264	44,278	1,653	463,263	34,793	(5,623)	552,628

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
Six months ended 30 September 2013 (unaudited)

	Six months ended 30 September 2013 (unaudited) Note	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Operating profit	37,415	31,283	48,028
Gain on the revaluation of investment properties	(17,841)	(11,521)	(9,535)
Gains on surplus land	(8)	(183)	(1,039)
Depreciation	262	295	583
Depreciation of finance lease obligations	483	443	933
Employee share options	707	757	1,376
Decrease/(increase) in inventories	20	(27)	(1)
Decrease/(increase) in receivables	2,657	2,032	(1,016)
(Decrease)/increase in payables	(4,365)	355	2,696
Cash generated from operations	19,330	23,434	42,025
Interest paid	(5,358)	(7,558)	(11,873)
Interest received	13	14	34
Cash flows from operating activities	13,985	15,890	30,186
Investing activities			
Disposal of surplus land	-	12,335	15,864
Additions to non-current assets	(3,279)	(4,093)	(5,745)
Additions to surplus land	(56)	(2,504)	(1,969)
Investment in associate	-	(1,000)	(1,567)
Cash flows from investing activities	(3,335)	4,738	6,583
Financing activities			
Issue of share capital	33	976	36,764
Payment of finance lease liabilities	(483)	(443)	(933)
Payments to cancel interest rate derivatives	-	(9,173)	(10,477)
Refinancing fees	-	-	(5,096)
Equity dividends paid	(8,384)	(7,057)	(13,543)
Decrease in borrowings	(7,957)	(6,761)	(45,694)
Cash flows from financing activities	(16,791)	(22,458)	(38,979)
Net decrease in cash and cash equivalents	A (6,141)	(1,830)	(2,210)
Opening cash and cash equivalents	7,850	10,060	10,060
Closing cash and cash equivalents	1,709	8,230	7,850

A. Reconciliation of net cash flow to movement in net debt
Six months ended 30 September 2013

	Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Net decrease in cash and cash equivalents	(6,141)	(1,830)	(2,210)
Cash flow from movement in debt financing	7,957	6,761	45,694
Change in net debt resulting from cash flows	<u>1,816</u>	<u>4,931</u>	<u>43,484</u>
Movement in net debt in the period	1,816	4,931	43,484
Net debt at start of period	(230,456)	(273,940)	(273,940)
Net debt at end of period	<u>(228,640)</u>	<u>(269,009)</u>	<u>(230,456)</u>

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

Notes to the Interim Review

1. ACCOUNTING POLICIES

Basis of preparation

The results for the period ended 30 September 2013 are unaudited and were approved by the Board on 18 November 2013. The financial information contained in this report in respect of the year ended 31 March 2013 does not constitute statutory accounts within the meaning of section 434 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.

Valuation of assets and liabilities held at fair value

For those financial instruments held at valuation, the Group has categorised them into a three level fair value hierarchy based on the priority of the inputs to the valuation technique in accordance with IFRS 13. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. The fair value of the Group's outstanding interest rate derivative has been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 13. Investment Property and Investment Property under Construction have been classified as Level 3. This is discussed further in note 15.

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 Business 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 Business and Financial Review of the Group's Annual Report for the year ended 31 March 2013.

The Directors have considered carefully the Group's trading performance and cash flows in the context of the uncertain global economic environment and the other principal risks to the Group's performance. After reviewing Group and Company cash balances, projected cash flows, and the borrowing facilities available to the Group, 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.

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 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Open stores			
Self storage income	29,590	30,223	58,112
Other storage related income	5,357	5,203	9,996
Ancillary store rental income	133	104	226
	<hr/> 35,080	<hr/> 35,530	<hr/> 68,334
Other revenue			
Non-storage income	272	152	298
Fees earned from Big Yellow Limited Partnership	309	306	639
Other management fees earned	205	200	400
	<hr/> 35,866	<hr/> 36,188	<hr/> 69,671
Revenue per income statement			
Investment income (see note 3)	216	14	33
	<hr/> 36,082	<hr/> 36,202	<hr/> 69,704

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.

BIG YELLOW GROUP PLC

Notes to the Interim Review

3. INVESTMENT INCOME

	Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Interest receivable	216	14	33
Fair value movement on derivatives	1,800	2	-
Total investment income	2,016	16	33

£203,000 of the interest receivable in the current period relates to the unwinding of the discount of the Capital Goods Scheme receivable in accordance with IFRS 7 (prior periods: £nil).

4. FINANCE COSTS

	Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Interest on bank borrowings	5,410	5,553	11,459
Capitalised interest	(163)	(161)	(236)
Interest on finance lease obligations	513	549	1,057
Total interest payable	5,760	5,941	12,280
Change in fair value of interest rate derivatives	-	-	223
Refinancing costs	-	-	4,300
Total finance costs	5,760	5,941	16,803

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 and the utilisation of other brought forward tax losses.

BIG YELLOW GROUP PLC

Notes to the Interim Review

6. ADJUSTED PROFIT BEFORE TAX

	Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Profit before tax	34,521	27,242	31,876
Gain on revaluation of investment properties – Group	(17,841)	(11,521)	(9,535)
Share of gain on revaluation of investment properties – associate	(413)	(1,594)	(821)
Change in fair value of interest rate swaps – Group	(1,800)	(2)	223
Share of change in fair value of interest rate swaps – associate	(224)	(156)	(211)
VAT implementation costs	-	136	179
Refinancing costs	-	-	4,300
Share of refinancing costs in associate	-	-	499
Gains on surplus land	(8)	(183)	(1,039)
Adjusted profit before tax	<hr/> 14,235	<hr/> 13,922	<hr/> 25,471
Net bank and other interest	5,031	5,378	11,190
Depreciation	262	295	583
Adjusted EBITDA	<hr/> 19,528	<hr/> 19,595	<hr/> 37,244

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.

BIG YELLOW GROUP PLC

Notes to the Interim Review

7. DIVIDENDS

	Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000
Amounts recognised as distributions to equity holders in the period: Final dividend for the year ended 31 March 2013 of 6p (2012: 5.5p) per share.	8,384	7,057
Proposed interim dividend for the year ending 31 March 2014 of 8p (2013: 5p) per share.	11,198	6,484

The proposed interim dividend of 8 pence per ordinary share will be paid on 9 January 2014 to shareholders on the Register on 13 December 2013. 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 2013 (unaudited)			Six months ended 30 September 2012 (unaudited)			Year ended 31 March 2013 (audited)		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	34.5	139.8	24.7	27.2	128.6	21.2	31.9	130.9	24.4
<i>Adjustments:</i>									
Dilutive share options	-	1.0	(0.2)	-	1.3	(0.2)	-	1.3	(0.3)
Diluted	34.5	140.8	24.5	27.2	129.9	21.0	31.9	132.2	24.1
<i>Adjustments:</i>									
Gain on revaluation of investment properties	(17.8)	-	(12.6)	(11.5)	-	(8.9)	(9.5)	-	(7.2)
Change in fair value of interest rate derivatives	(1.8)	-	(1.3)	-	-	-	0.2	-	0.2
Gains on surplus land	-	-	-	(0.2)	-	(0.1)	(1.0)	-	(0.8)
VAT implementation costs	-	-	-	0.1	-	0.1	0.2	-	0.1
Refinancing costs	-	-	-	-	-	-	4.3	-	3.3
Share of associate non-recurring gains	(0.7)	-	(0.5)	(1.8)	-	(1.4)	(0.6)	-	(0.4)
EPRA - diluted	14.2	140.8	10.1	13.9	129.9	10.7	25.5	132.2	19.3
EPRA – basic	14.2	139.8	10.2	13.9	128.6	10.8	25.5	130.9	19.5

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, one-off items of expenditure, 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.

BIG YELLOW GROUP PLC

Notes to the Interim Review

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 2013	745,605	17,277	21,803	784,685
Additions	536	1,933	-	2,469
Capital Goods Scheme adjustment*	825	-	-	825
Reclassification to surplus land	(1,330)	-	-	(1,330)
Revaluation	18,054	(213)	-	17,841
Depreciation	-	-	(483)	(483)
At 30 September 2013	763,690	18,997	21,320	804,007

Capital commitments at 30 September 2013 were £0.6 million (31 March 2013: no capital commitments).

* The Capital Goods Scheme debtor has been reduced in the period by £0.6 million following the identification of some trapped Capital Goods Scheme recovery. The remainder of the adjustment is due to an increase of £0.2 million in the historic Capital Goods Scheme creditor.

b) Plant, equipment and owner-occupied property

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings and office equipment £000	Total £000
Cost					
At 1 April 2013	1,867	826	25	7,002	9,720
Additions	-	19	-	456	475
At 30 September 2013	1,867	845	25	7,458	10,195
At 1 April 2013	(261)	(609)	(15)	(6,085)	(6,970)
Charge for the period	(17)	(21)	(4)	(220)	(262)
At 30 September 2013	(278)	(630)	(19)	(6,305)	(7,232)
Net book value					
At 30 September 2013	1,589	215	6	1,153	2,963
At 1 April 2013	1,606	217	10	917	2,750

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.

BIG YELLOW GROUP PLC

Notes to the Interim Review

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 accounting.

	30 September 2013 (unaudited) £000	30 September 2012 (unaudited) £000	31 March 2013 (audited) £000
At the beginning of the year	17,681	15,496	15,496
Subscription for partnership capital and advances	-	1,000	1,567
Share of results (see below)	850	1,884	618
	18,531	18,380	17,681

The Group's total subscription for partnership capital and advances in Big Yellow Limited Partnership to date is £16,366,000.

BIG YELLOW GROUP PLC

Notes to the Interim Review

9. NON-CURRENT ASSETS (continued)

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

Big Yellow Limited Partnership	Six months ended 30 September 2013 (unaudited) £000	Six months ended 30 September 2012 (unaudited) £000	Year ended 31 March 2013 (audited) £000
Income statement (100%)			
Revenue	4,746	4,219	8,289
Cost of sales	(2,427)	(2,441)	(4,845)
Administrative expenses	(59)	(68)	(76)
Operating profit	2,260	1,710	3,368
Gain on the revaluation of investment properties	1,239	4,783	2,462
Net interest payable	(1,620)	(1,308)	(3,111)
Refinancing costs	-	-	(1,497)
Fair value movement of interest rate derivatives	672	468	633
Profit before and after tax	2,551	5,653	1,855
Balance sheet (100%)			
Investment property	110,910	111,010	109,480
Other non-current assets	3,501	3,717	3,598
Current assets	2,593	3,046	3,422
Current liabilities	(2,386)	(61,770)	(2,759)
Derivative financial instruments	(25)	(862)	(697)
Non-current liabilities	(59,000)	-	(60,000)
Net assets (100%)	55,593	55,141	53,044
Group share (33.3%)			
Operating profit	753	570	1,122
Gain on the revaluation of investment properties	413	1,594	821
Net interest payable	(540)	(436)	(1,037)
Refinancing costs	-	-	(499)
Fair value movement of interest rate derivatives	224	156	211
Profit before and after tax	850	1,884	618
Associate net assets	18,531	18,380	17,681

10. SURPLUS LAND

	£000
At 1 April 2013	4,593
Transfer from investment property	1,330
Additions	61
At 30 September 2013	5,984

BIG YELLOW GROUP PLC

Notes to the Interim Review

11. TRADE AND OTHER RECEIVABLES

	30 September 2013 (unaudited) £000	30 September 2012 (unaudited) £000	31 March 2013 (audited) £000
Current			
Trade receivables	2,695	2,568	2,373
Capital Goods Scheme receivable	2,287	2,845	2,845
Other receivables	310	699	887
Prepayments and accrued income	5,445	5,366	8,345
	<hr/>	<hr/>	<hr/>
	10,737	11,478	14,450
Non-current			
Capital Goods Scheme receivable	7,600	7,501	7,501

12. TRADE AND OTHER PAYABLES

	30 September 2013 (unaudited) £000	30 September 2012 (unaudited) £000	31 March 2013 (audited) £000
Current			
Trade payables	4,254	3,948	8,454
Other payables	4,115	5,841	5,447
Accruals and deferred income	11,163	11,182	10,500
VAT repayable under Capital Goods Scheme	193	641	20
	<hr/>	<hr/>	<hr/>
	19,725	21,612	24,421
Non-current			
VAT repayable under Capital Goods Scheme	-	32	12

BIG YELLOW GROUP PLC

Notes to the Interim Review

13. BORROWINGS

	30 September 2013 (unaudited) £000	30 September 2012 (unaudited) £000	31 March 2013 (audited) £000
Aviva mortgage	1,985	1,890	1,937
Bank borrowings	-	178,000	-
Unamortised debt arrangement costs	-	(676)	-
Current borrowings	<u>1,985</u>	<u>179,214</u>	<u>1,937</u>
Bank borrowings	133,000	-	140,000
Aviva mortgage	95,364	97,349	96,369
Unamortised debt arrangement costs	(1,349)	(1,432)	(1,421)
Non-current borrowings	<u>227,015</u>	<u>95,917</u>	<u>234,948</u>
Total borrowings	<u>229,000</u>	<u>275,131</u>	<u>236,885</u>

In April 2012 the Group entered into a £100 million 15 year loan with Aviva Commercial Finance Limited, secured over a portfolio of 15 freehold self storage centres valued at £242.1 million at 29 February 2012. The annual fixed interest rate on the loan is 4.90%.

The loan amortises to £60 million over the course of the 15 years, consistent with the Group's medium term debt reduction strategy. The debt service is payable monthly based on fixed annual amounts. The loan outstanding on the fifth anniversary will be £89.8 million; £76.7 million on the tenth anniversary, with £60 million at expiry in April 2027.

In October 2012 the Group entered into a £190 million 4 year bank facility with Lloyds, HSBC and Santander, expiring in September 2016. £140 million of the facility is term loan with the balance of £50 million revolving. Following the placing in January 2013, the Group repaid and cancelled £35 million of this facility, of which £20 million was term loan and £15 million revolving.

The facilities attract a ratcheted margin over LIBOR based on interest cover. The Group is currently paying a blended 2.4% margin, the lowest margin on the ratchet, which is effective for income cover of greater than 3 times.

The Group has one interest rate derivative in place; £70 million fixed at 2.8% (excluding the margin on the underlying debt instrument) until September 2016.

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 gain in the income statement for the period of these interest rate swaps was £1,800,000 (2012: £2,000).

At 30 September 2013 the Group and the Partnership were in compliance with all of their loan covenants.

BIG YELLOW GROUP PLC

Notes to the Interim Review

14. ADJUSTED NET ASSETS PER SHARE

Analysis of net asset value	30 September 2013 (unaudited) £000	30 September 2012 (unaudited) £000	31 March 2013 (audited) £000
Basic net asset value	579,505	517,564	552,628
Exercise of share options	497	389	555
EPRA NNNAV	<u>580,002</u>	<u>517,953</u>	<u>553,183</u>
Adjustments:			
Fair value of derivatives	3,694	6,573	5,494
Fair value of derivatives – share of associate	8	287	232
EPRA NAV	<u>583,704</u>	<u>524,813</u>	<u>558,909</u>
Basic net assets per share (pence)	414.1	399.1	395.5
EPRA NNNAV per share (pence)	407.9	395.4	390.0
EPRA NAV per share (pence)	410.5	400.6	394.1
EPRA NAV (£000)	583,704	524,813	558,909
Valuation methodology assumption (£000) (see note 15)	36,687	35,762	35,621
Adjusted net asset value (£000)	620,391	560,575	594,530
Adjusted net assets per share (pence)	436.3	427.9	419.2
Shares in issue	142,848,202	131,726,812	142,639,647
Own shares held in treasury	(1,418,750)	(1,418,750)	(1,418,750)
Own shares held in EBT	(1,500,000)	(623,331)	(1,500,000)
Basic shares in issue used for calculation	139,929,452	129,684,731	139,720,897
Exercise of share options	2,253,301	1,319,583	2,110,396
Diluted shares used for calculation	142,182,753	131,004,314	141,831,293

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).

BIG YELLOW GROUP PLC

Notes to the Interim Review

15. VALUATIONS OF INVESTMENT PROPERTY

	Cost £000	Revaluation on cost £000	Valuation £000
Freehold stores*			
At 1 April 2013	372,190	328,315	700,505
Transfer to surplus land	(1,330)	-	(1,330)
Capital Goods Scheme adjustment	825	(825)	-
Movement in period	394	19,071	19,465
At 30 September 2013	372,079	345,561	718,640
Leasehold stores			
At 1 April 2013	15,911	29,189	45,100
Movement in period	143	(193)	(50)
At 30 September 2013	16,054	28,996	45,050
Total of open stores			
At 1 April 2013	388,101	357,504	745,605
Transfer to surplus land	(1,330)	-	(1,330)
Capital Goods Scheme adjustment	825	(825)	-
Movement in period	536	18,879	19,415
At 30 September 2013	388,132	375,558	763,690
Investment property under construction			
At 1 April 2013	23,782	(6,505)	17,277
Movement in period	1,933	(213)	1,720
At 30 September 2013	25,715	(6,718)	18,997
Total			
At 1 April 2013	411,883	350,999	762,882
Transfer to surplus land	(1,330)	-	(1,330)
Capital Goods Scheme adjustment	825	(825)	-
Movement in period	2,469	18,666	21,135
At 30 September 2013	413,847	368,840	782,687

* Includes one long leasehold store

The Group has classified the fair value investment property and the investment property under construction within Level 3 of the fair value hierarchy. There has been no transfer to or from Level 3 in the period.

BIG YELLOW GROUP PLC

Notes to the Interim Review

15. VALUATIONS OF INVESTMENT PROPERTY (CONTINUED)

The freehold and leasehold investment properties have been valued at 30 September 2013 by external valuers, Cushman & Wakefield LLP ("C&W"). The valuation has been carried out in accordance with the RICS Valuation – Professional 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 either Fair Value or Fair 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%; and
- The fee payable to C&W is a fixed amount per store, and is not contingent on the appraised value.

Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from low liquidity 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:

1. The sale of a 51% share in Shurgard Europe which was announced in January 2008 and completed on 31 March 2008;
2. The sale of the former Keepsafe portfolio by Macquarie to Alligator Self Storage which was completed in January 2010;
3. 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; and
4. The purchase of Selstor, Sweden, by Pelican Self Storage/M3 Capital in Q4 2012.

There have been eight single store market transactions in the UK since 2010. C&W state that due to the lack of comparable market information in the self storage sector, there is 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.

BIG YELLOW GROUP PLC

Notes to the Interim Review

15. VALUATIONS OF INVESTMENT PROPERTY (CONTINUED)

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 either straight-line absorption from day one actual occupancy or variable absorption over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the 54 trading stores (both freeholds and leaseholds) open at 30 September 2013 averages 81.5% (31 March 2013: 81.5%). 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 26 months (31 March 2013: 32 months); for the 22 lease-up stores, the average period to maturity is 35 months (31 March 2013: 43 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 7.1% (31 March 2013: 6.8%) rising to a stabilised net yield pre-administration expenses of 7.8% (31 March 2013: 8.1%). Also on a no growth and pre-administration expenses basis the 22 lease-up stores have a net initial yield of 5.4% (31 March 2013: 4.9%) rising to 7.8% (31 March 2013: 8.4%) 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 11.0% (31 March 2013: 11.2%).
- 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 15.1 years (31 March 2013: 15.7 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 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.

Immature stores: value uncertainty

C&W have assessed the value of each property individually. However, one of the Group's stores is relatively immature and has low initial cash flow. C&W have endeavoured to reflect the nature of the cash flow profile for this property in their valuation, and the higher associated risks relating to the as yet unproven future cash flow, by adjustment to the capitalisation rates and discount rates adopted. However, immature low cash flow stores of this nature are rarely, if ever, traded individually in the market, unless as part of a distressed sale or similar situation.

BIG YELLOW GROUP PLC

Notes to the Interim Review

Although, there is more evidence of immature low cash flow stores being traded as part of a group or portfolio transaction.

15. VALUATIONS OF INVESTMENT PROPERTY (CONTINUED)

Please note C&W's comments in relation to market uncertainty in the self storage sector due to the lack of comparable market transactions and information. The degree of uncertainty relating to the single immature store is greater than in relation to the balance of the properties due to there being even less market evidence that might be available for more mature properties and portfolios.

C&W state that in practice, if an actual sale of the properties were to be contemplated then any immature low cash flow stores would normally be presented to the market for sale lotted or grouped with other more mature assets owned by the same entity, in order to alleviate the issue of negative or low short term cash flow. This approach would enhance the marketability of the group of assets and assist in achieving the best price available in the market by diluting the cash flow risk.

C&W have not adjusted their opinion of Fair Value to reflect such a grouping of the immature asset with other properties in the portfolio and all stores have been valued individually. However, they highlight the matter to alert the Group to the manner in which the properties might be grouped or lotted in order to maximise their attractiveness to the market place.

C&W consider this approach to be a valuation assumption but not a Special Assumption, the latter being an assumption that assumes facts that differ from the actual facts existing at the valuation date and which, if not adopted, could produce a material difference in value.

C&W have not assumed that the entire portfolio of properties owned by the entity 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 (either higher or lower) from the aggregate of the individual values for each property in the portfolio, reflecting the lotting assumption 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 2013 of £817,741,000 (£35,054,000 higher than the value recorded in the financial statements). The valuations in Big Yellow Limited Partnership are £4,900,000 higher than the value recorded in the financial statements, of which the Group's share is £1,633,000. The sum of these is £36,687,000 and translates to 25.8 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 14).

BIG YELLOW GROUP PLC

Notes to the Interim Review

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.

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 2013 (unaudited) £000	30 September 2012 (unaudited) £000	31 March 2013 (audited) £000
Fees earned from Big Yellow Limited Partnership	309	306	639
Balance due from the Partnership	141	323	526

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 2013. The outlook for the housing market and the economy has improved from that considered in March 2013, and the risk mitigating factors listed in the 2013 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, although sentiment is improving. 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. 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 43,000 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. 82% 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.

BIG YELLOW GROUP PLC

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 2013 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 Conduct 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 2013 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 Conduct Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor
Reading, United Kingdom
18 November 2013