BIG YELLOW GROUP PLC

21 November 2022

Big Yellow Group PLC
("Big Yellow", "the Group" or "the Company")

Results for the Six Months ended 30 September 2022

Solid first half results against the backdrop of a challenging macro and geopolitical environment

Financial metrics	Six months ended 30 September 2022	Six months ended 30 September 2021	Change
Revenue	**£93.8 million**	£81.8 million	15%
Store revenue [(1)]	**£92.8 million**	£80.8 million	15%
Like-for-like store revenue [(1,2)]	**£81.3 million**	£75.1 million	8%
Store EBITDA [(1)]	**£66.8 million**	£57.7 million	16%
Adjusted profit before tax [(1)]	**£54.6 million**	£46.9 million	16%
EPRA earnings per share [(1)]	**29.3 pence**	25.7 pence	14%
Interim dividend per share	**22.3 pence**	20.6 pence	8%
Statutory metrics			
Profit before tax	**£6.8 million**	£254.9 million	(97%)
Cash flow from operating activities (after net finance costs and pre-working capital movements)[(3)]	**£55.2 million**	£47.4 million	16%
Basic earnings per share	**3.3 pence**	142.0 pence	(98%)
Store metrics			
Store Maximum Lettable Area ("MLA") [(1)]	**6,295,000**	6,062,000	4%
Closing occupancy (sq ft) [(1)]	**5,300,000**	5,427,000	(2%)
Occupancy growth in the period (sq ft) [(1)]	**193,000**	318,000	(39%)
Closing occupancy [(1)]	**84.2%**	89.5%	(5.3 ppts)
Occupancy – like-for-like stores [(1,2)]	**88.0%**	90.2%	(2.2 ppts)
Average achieved net rent per sq ft [(1)]	**£30.55**	£27.73	10%
Closing net rent per sq ft [(1)]	**£31.44**	£28.46	10%
Like-for-like average net achieved rent per sq ft [(1,2)]	**£32.64**	£29.53	11%
Like-for-like closing net rent per sq ft [(1,2)]	**£33.53**	£30.48	10%

[1] See note 19 for glossary of terms
[2] The like-for-like metrics exclude stores opened and acquired in the current and preceding financial years, and the Armadillo stores
[3] See reconciliation in Financial Review

First Half Highlights

- Revenue growth for the period was 15%, which includes new stores and an additional three months of Armadillo (acquired 1 July 2021)
- Like-for-like store revenue up by 8%, mainly from increases in average achieved rents
- Like-for-like occupancy increase of 2.0 ppts from 1 April 2022 and down 2.2 ppts from same time last year to 88.0% (September 2021: 90.2%. Closing occupancy, reflecting the additional capacity from five recently opened stores, is down 5.3 ppts
- Like-for-like average achieved net rent per sq ft increased by 11% period on period, like-for-like closing net rent up by 10% from September 2021
- Overall store operating margin increased over the six months to 72.0% (2021: 70.7%), the mature portfolio increased to 74.1% (2021: 72.8%) with closing occupancy of 88.3%
- Cash flow from operating activities (after net finance costs and pre-working capital movements) increased by 16% to £55.2 million

BIG YELLOW GROUP PLC

- Adjusted profit before tax up 16% to £54.6 million, with EPRA earnings per share up 14%
- Statutory profit before tax of £6.8 million down 97% from prior period due to a revaluation loss compared to a gain in the prior period
- Interim dividend of 22.3 pence per share declared, an increase of 8%
- 191,000 sq ft of capacity added in the period with two new stores opened in Harrow and Kingston North (both London), and an existing store acquired in Aberdeen
- Acquisition of freehold property on Old Kent Road, London taking the pipeline to 11 development sites of approximately 0.9 million sq ft (14% of current MLA), of which nine are in London, and 1.0 million of fully built unlet space available
- Acquisition of freehold site at Farnham Road, Slough to build a replacement store for our existing nearby 67,000 sq ft leasehold store. The customers will be transferred on opening of the new store
- Planning consent granted for new stores in Staines (West London) and Farnham Road, Slough; we now have seven pipeline stores with planning
- Refinancing of £120 million M&G loan and new $225 million shelf facility with Pricoa Private Capital

Commenting, Nicholas Vetch, Executive Chairman, said:

"Over the six months we have traded the business through what has been a challenging macro and geo-political environment, against a strong comparator period in 2021 and are pleased to have delivered solid growth in revenue, earnings and cash flow. Our management of pricing to new and existing customers has resulted in improved average achieved rents, which have been the main driver of revenue growth. It is pleasing to note that we have seen a strong recovery in our more central London stores in this half year as activity levels normalise, post pandemic and this is being driven by both domestic and business customers. We have also been successful in controlling overall increases in store operating expenses to 4%, resulting in improved operating margins.

The current geo-political, monetary, and fiscal travails need no further amplification from us. We are confident in the resilience of our financial and business model.

We are currently seeing evidence of a correction to land prices and the concerns we have around construction are showing some signs of improvement. For the time being we will continue to focus on the day-to-day running of the business over the winter."

- Ends -

ABOUT US

Big Yellow is the UK's brand leader in self storage. Big Yellow now operates from a platform of 108 stores, including 24 stores branded as Armadillo Self Storage. We have a pipeline of 0.9 million sq ft comprising 11 proposed Big Yellow self storage facilities. The current maximum lettable area of the existing platform (including Armadillo) is 6.3 million sq ft. When fully built out the portfolio will provide approximately 7.2 million sq ft of flexible storage space. 99% of our stores and sites by value are held freehold and long leasehold, with the remaining 1% short leasehold.

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 stores, with excellent customer service, a market-leading online platform, and significant and increasing investment in sustainability, has created in Big Yellow the most recognised brand name in the UK self storage industry.

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Big Yellow Group PLC
("Big Yellow", "the Group" or "the Company")

Results for the Six Months ended 30 September 2022

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 ended 30 September 2022.

Over the six months we have traded the business through what has been a challenging macro and geo-political environment, against a strong comparator period in 2021 and are pleased to have delivered solid growth in revenue, earnings and cash flow. Our management of pricing to new and existing customers has resulted in improved average achieved rents, which have been the main driver of revenue growth. It is pleasing to note that we have seen a strong recovery in our more central London stores in this half year as activity levels normalise post pandemic, and this is being driven by both domestic and business customers. We have also been successful in controlling overall increases in store operating expenses to 4%, resulting in improved operating margins.

We have also continued to invest in our business with the acquisition of an existing store in Aberdeen and a property in a strategic location on the Old Kent Road, London, and have opened a further two stores in Harrow and North Kingston. Since the onset of the pandemic, the Group has opened seven new stores, which, coupled with the acquisitions of Aberdeen and the remaining 80% interest in Armadillo, increase the Group's MLA by 1.6 million sq ft, or 34%. These new stores have been an important contributor to our overall revenue growth of 15% for the period and we have 1.0 million sq ft of fully built unlet space in the existing portfolio.

Financial results

Like-for-like occupancy increased by 2.0 ppts to 88.0% from 86.0% at 31 March 2022 but was down 2.2 percentage points from 90.2% at 30 September 2021. This compares with the position at 30 June 2022 where like-for-like occupancy was down 2.7 ppts given what was an unusually strong June quarter in 2021, impacted by the distortive effects of stamp duty changes.

Revenue for the period was £93.8 million (2021: £81.8 million), an increase of 15%, with like-for-like store revenue up 8%, driven mainly by an increase in the average achieved net rent, offset by a slight fall in average occupancy given the very strong comparator period. Like-for-like store revenue excludes new store openings and acquired stores (including the remaining interest of Armadillo portfolio which we acquired in July 2021, and Aberdeen acquired in June 2022).

We have seen growth in cash flow from operating activities (after net finance costs and pre-working capital movements) of 16% to £55.2 million for the period (2021: £47.4 million).

The Group's central overhead and operating expense is largely embedded in the business, and therefore increases in revenue should deliver higher growth in earnings. The Group made an adjusted profit before tax in the period of £54.6 million, up 16% from £46.9 million for the same period last year (see note 6).

Adjusted diluted EPRA earnings per share were 29.3 pence (2021: 25.7 pence), an increase of 14%. The Group's statutory profit before tax for the period was £6.8 million, a decrease from £254.9 million for the same period last year, due to a revaluation deficit of £47.7 million (2%) in the period (2021: gain of £204.7 million), reflecting an outward movement in cap rates at the end of September, partly offset by the growth in cash flow from the stores.

Dividends

The Group's dividend policy is to distribute 80% of full year adjusted earnings per share. The second half of the year has historically delivered at the operating level a similar outturn to the first half, however we are likely to see a further increase in our borrowing costs in the second half of the year. We have therefore declared an interim dividend of 22.3 pence per share representing an 8% increase. This first half dividend has all been declared as Property Income Distribution ("PID").

Investment in new capacity

In June 2022 the Group acquired an existing 53,000 sq ft self storage centre in Aberdeen for £10 million. The store is the only purpose-built self storage centre in Aberdeen. The purchase price represented a starting 6% net initial year one yield which should grow to 9% within two years as the store benefits from being added to our digital platform. There is also surplus land which provides the opportunity for expansion.

The Group opened new stores in Harrow and Kingston North (both in London) in September 2022, adding 138,000 sq ft of capacity.

As previously announced, we acquired a prime site on Farnham Road in Slough from Segro plc. The site falls within the Slough Trading Estate Simplified Planning Zone ("SPZ") Scheme. The SPZ sets out a series of conditions and provided that a development fully complies with these conditions then we do not need to secure a full planning permission to develop our proposed 62,000 sq ft store on the site. We have now received confirmation that these conditions have been met.

As part of this transaction, the Group has also agreed to the surrender of the lease on its existing Slough store on Whitby Road, which is leased from Segro. The lease surrender will take effect six months after the completion of the construction of our new store, which is anticipated to open in 2024.

After a 15 year search, the Group has acquired a freehold property on Old Kent Road, London. The property, currently let to Iceland Foods, has a passing rent of £388,000 with seven years remaining on their lease. We will be seeking planning consent for a 75,000 sq ft self storage centre on the site. This is a medium-term strategic opportunity in an area of London going through significant regeneration. The timing of construction and opening is dependent on planning and vacant possession.

We were also successful in acquiring the freehold of our Oxford store for £13.5 million in September. The 1.8 acre site includes two separately let buildings, which will provide vacant possession in 2030 and the opportunity to intensify the use. This acquisition was a continuation of our strategy of acquiring freehold interests to reduce our rental liability and also importantly to ensure our long-term occupation.

On the planning front, we have secured a resolution to grant planning consent for an approximately 65,000 sq ft store and nine industrial units totalling 99,000 sq ft, at our site on the Causeway in Staines.

As announced in May, the Group conditionally sold its industrial warehouse scheme at Harrow, London for gross sales proceeds of £61 million. Completion of the sale is conditional, inter alia, on practical completion of the development, and is expected to occur in January 2023.

We are currently on site constructing our new store in Kings Cross which is expected to open in Summer 2023. As stated in May, we decided to put on hold any future construction commitments, given the uncertainties around pricing in the construction market and our need to secure fixed price contracts. We fully intend to build out all our pipeline stores and will continue to monitor the construction market and will decide on timing in early 2023.

We now have a pipeline of 11 proposed self storage facilities. These store openings are expected to add approximately 0.9 million sq ft of storage space to the portfolio, an increased capacity of 14%.

The total development cost of these 11 new stores is £357 million, including cost incurred to date of £167 million, and cost to complete of approximately £190 million, with an estimated net operating income of £30.6 million, or 8.6% on cost. The replacement store in Slough will cost a further £11 million and we would expect to commence construction on this in 2023, notwithstanding our comments above.

Capital structure

The Group's interest cover for the period (expressed as the ratio of cash generated from operations pre-working capital movements against interest paid) was 9.3 times (2021: 10.6 times). This has reduced since the prior period due to the increase in interest rates, however, is still comfortably ahead of our internal minimum interest cover requirement of five times, and covenant level of 1.5 times. At 30 September 2022, 41% of our debt is fixed, with the balance floating, however we expect the fixed element to rise to around 50% following the disposal of the industrial units at Harrow which is expected to complete in the second half. Our policy of keeping our debt half fixed and half variable remains.

Net debt is £469.8 million at 30 September 2022, and we have undrawn facilities of £50.6 million and in addition the $225 million bilateral shelf facility with Pricoa. We continue to generate operating cash flow post dividends and are looking to realise £100 million in disposals by March 2024, Harrow (£61 million) being the first.

At 30 September 2022, our average cost of debt was 3.6%, however following the recent Bank of England interest rate decision, it has increased to 4.0% and the marginal cost of our RCF bank debt is currently 4.25%.

Outlook

The current geo-political, monetary, and fiscal travails need no further amplification from us. We are confident in the resilience of our financial and business model.

We are currently seeing evidence of a correction to land prices and the concerns we have around construction are showing some signs of improvement. For the time being we will continue to focus on the day-to-day running of the business over the winter.

Nicholas Vetch
Executive Chairman
21 November 2022

Business and Financial Review

Store occupancy

We now have a portfolio of 108 open and trading stores, with a current maximum lettable area of 6.3 million sq ft.

Like-for-like occupancy increased by 2.0 ppts from 1 April 2022 but was down 2.2 ppts from the same time last year. Like-for-like store revenue growth for the half year was 8%, driven by improvements in average achieved net rent per sq ft.

Prospect numbers over the six months have been slightly ahead of the prior year despite a strong comparator period, and the table below shows the monthly move-in and move-out activity of all our stores:

	Move-ins period ended 30 September 2022	**Move-ins period ended 30 September 2021**	**%**	**Move-outs period ended 30 September 2022**	**Move-outs period ended 30 September 2021**	**%**
April	6,381	5,711	12%	6,338	6,007	6%
May	7,139	6,804	5%	6,212	5,753	8%
June	9,907	11,886	(17%)	6,070	6,263	(3%)
July	8,991	8,207	10%	8,541	8,535	0%
August	9,212	8,501	8%	8,188	7,944	3%
September	8,923	8,773	2%	12,138	10,946	11%
Total	50,553	49,882	1%	47,487	45,448	4%
October	7,220	7,243	-	9,339	9,231	1%

The Group saw growth in move-ins during the majority of the period, except for June where last year benefited from the tapering off of the stamp duty holiday on 1 July 2021 which accelerated housing-related demand. The year-on-year fall in June would have been greater had we not seen a record performance from students in June this year, following the reopening of all campuses in the last academic year.

Since 1 October, move-ins and move-outs have been broadly in line with the same period last year, with the loss in occupied space lower than in the prior year.

The Group's move-outs have increased by 4% compared to the same period last year, largely as a result of student move-outs following a record number moving in during June, as evidenced by the September figures.

The stores grew in occupancy over the six months by 154,000 sq ft. Additionally, the Group acquired a 53,000 sq ft store in Aberdeen, which had occupancy of 39,000 sq ft at the date of acquisition. The overall increase in the Group's occupancy over the period was therefore 193,000 sq ft. This growth has been driven in the main by domestic customers and secondly by students, with our overall space occupied by businesses remaining broadly the same.

Whilst the growth in occupancy for the six months is lower than last year, which was a record six months, it is ahead of 2019.

Our third quarter is historically the weakest trading quarter where we see a loss in occupancy with a return to growth in the fourth quarter. In the current year, we have lost 141,000 sq ft (2.2% of maximum lettable area "MLA") since the end of September, compared to a loss of 155,000 sq ft (2.6% of MLA) at the same stage last year.

	Occupancy 30 September 2022 %	**Occupancy change from 31 March 2022 000 sq ft**	**Occupancy change from 30 September 2021 000 sq ft**	**Occupancy 30 September 2022 000 sq ft**	Occupancy 31 March 2022 000 sq ft	Occupancy 30 September 2021 000 sq ft
75 established Big Yellow stores	**88.3%**	116	(99)	**4,169**	4,053	4,268
9 developing Big Yellow stores	**54.3%**	78	113	**317**	239	204
All 84 Big Yellow stores	**84.5%**	194	14	**4,486**	4,292	4,472
24 Armadillo stores	**82.5%**	(1)	(141)	**814**	815	955
All 108 stores	**84.2%**	193	(127)	**5,300**	5,107	5,427

The 75 established Big Yellow stores are 88.3% occupied compared to 91.4% at the same time last year. The nine developing Big Yellow stores added 78,000 sq ft of occupancy in the past six months to reach closing occupancy of 54.3%.

The 24 Armadillo stores are 82.5% occupied, compared to 88.6% at this time last year. The occupancy change for the Armadillo stores since 30 September 2021 includes the closure of the Cheadle store following the fire in February 2022 (with occupancy of 95,000 sq ft). Overall store occupancy was 84.2%.

Pricing and rental yield

We 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 room availability, customer demand and local competition. Our pricing model reduces promotions and increases asking prices where individual units are in scarce supply. This lowering of promotions, coupled with price increases to existing and new customers, leads to an increase in net achieved rents.

In an inflationary environment such as this, self storage benefits from the fact that we can move our asking prices to new customers at short notice and give inflationary increases to our existing customers on an annual basis. The average achieved net rent per sq ft increased by 10% compared to the same period last year, with closing net rent up 10% compared to 30 September 2021, and up 5% from 31 March 2022.

The table below shows the change in net rent per sq ft for the portfolio by average occupancy over the six months (on a non-weighted basis). The analysis excludes stores opened and acquired in the past two financial years.

Average occupancy in the six months	**Number of stores**	**Net rent per sq ft growth from 1 April to 30 September 2022**	Net rent per sq ft growth from 1 April to 30 September 2021
75% to 85%	30	4.9%	6.3%
85 to 90%	52	5.0%	6.9%
Above 90%	17	5.9%	8.4%

Security of income

We believe that self storage income is essentially evergreen income with highly defensive characteristics driven from buildings with very low obsolescence and relatively low maintenance requirements. Although our contract with our customers is in theory as short as a week, we do not rely on any one contract for our income security. At 30 September 2022 the average length of stay for existing customers was 29 months (March 2022: 29 months). For all customers, including those who have moved out of the business throughout the life of the portfolio, the average length of stay remained at 8.6 months (March 2022: 8.6 months). We have seen an increase in the length of stay of customers who moved out over the six months, which increased to 8.6 months from 7.6 months for the same period last year. This is likely to have been the result of short-term users in the prior period as a result of the distortions from the stamp duty changes.

38% of our customers by occupied space have been storing with us for over two years (2021: 35%), and a further 16% of customers have been in the business for between one and two years (2021: 18%).

Our business customer base is comprised of online retailers, B2B traders looking for flexible mini-warehousing for e-fulfilment, service providers, those looking to shorten supply chains, and businesses looking to rationalise their other fixed costs of accommodation. For these customers, who typically are looking for rooms which could be from 50 sq ft to 500 sq ft in facilities that meet their operational requirements, the only supply in big cities is from self storage providers.

We saw continued growth in occupancy from our domestic customer base, with demand across a broad spectrum of uses. Over 70% of our domestic customers are in the top 3 ACORN categories: Affluent Achievers, Rising Prosperity, and Comfortable Communities. The largest element of demand into our business each year is customers who use us for relatively short periods driven by a need.

We therefore have a very diverse base of domestic and business customers currently occupying 77,000 rooms. This, together with the location and quality of our stores, limited growth in new supply, market-leading brand and digital platform, and customer service, all contribute to the resilience and security of our income.

Supply

New supply and competition is a key risk to our business model, hence our weighting to London and its commuter towns, where barriers to entry in terms of competition for land and difficulty around obtaining planning are highest. Growth in new self storage centre openings, excluding container operators, over the last five years has averaged 2% to 3% of total capacity per annum, down significantly from the previous decade. We continue to see limited new supply growth in our key areas of operation, with only five store openings in London in 2022 (including our Hayes, Harrow, and Kingston North stores), and we anticipate six new facilities in London in 2023 (including our planned store at Kings Cross).

Revenue

Total revenue for the six-month period was £93.8 million, an increase of £12.0 million (15%) from £81.8 million in the same period last year. Of the total store revenue of £92.8 million in the period, like-for-like store revenue (see glossary in note 19) was £81.3 million, an increase of 8% from the 2021 figure of £75.1 million.

Other sales comprise the selling of packing materials, insurance/enhanced liability service ("ELS"), and storage related charges. The Group changed the way it sold contents protections to its customers on 1 June 2022 to an ELS, which is subject to VAT and not Insurance Premium Tax ("IPT"). Prior to 1 June 2022, IPT at 12% was paid to our insurance provider based on our total insurance revenue. We decided not to pass on the entirety of the 20% VAT on the new ELS to our customers, and hence gross ELS revenue from 1 June is lower by 8%. However, because we can recover VAT and are no longer paying IPT, our cost of sales has also reduced. On a net basis, our profits from insurance/ELS remain largely unchanged.

The other revenue earned is tenant income on sites where we have not started development.

Operating costs

Cost of sales comprises principally direct store operating costs, including store staff salaries, utilities, business rates, insurance, a full allocation of the central marketing budget, and repairs and maintenance.

The table below shows the breakdown of store operating costs compared to the same period last year, with Armadillo's costs included in full in both periods:

Category	**Period ended 30 September 2022 £000**	Period ended 30 September 2021 £000	Change	% of store operating costs in period
Cost of sales (insurance/ELS and packing materials)	1,428	2,034	(30%)	6%
Staff costs	6,999	6,806	3%	28%
General & admin	841	808	4%	3%
Utilities	959	1,044	(8%)	4%
Property rates	7,521	7,304	3%	30%
Marketing	3,292	3,356	(2%)	13%
Repairs and maintenance	2,314	2,200	5%	9%
Insurance	1,290	744	73%	5%
Computer costs	509	464	10%	2%
Total before one-off items	25,153	24,760	2%	
One-off items	(266)	(862)	(69%)	
Total per portfolio summary	24,887	23,898	4%	

Store operating costs have increased by £1.0 million (4%). The one-off items in both periods are principally rates rebates where we have successfully appealed against the 2017 rating list. Store operating costs before these one-off items have increased by £0.4 million (2%) compared to the same period last year. New stores accounted for £0.7 million of operating expenses in the period. Cost of sales have decreased by £0.6 million following the move to selling an ELS rather than insurance (see explanation in revenue above). The remaining increase is £0.3 million (1%, which is a pleasing result in the current inflationary environment), with commentary below:

- Staff costs have increased by £0.2 million (3%) with store numbers and the salary review of on average 5% (including a 7% increase to those at the lower end of the pay scale), which has been partly offset by lower bonuses for the six months, which have averaged 11% compared to 15% in the prior period.
- Marketing has decreased by £0.1 million (2%), with continued efficiencies being achieved from our digital campaigns.
- Insurance has increased by £0.5 million (73%). We saw an increase in our insurance premiums this year, from a combination of higher pricing in the insurance market, and the impact on our premiums of the fire at our Cheadle store in February 2022.

The Group's store bad debt expense for the period was 0.1%, in line with the prior period. The Group has not seen any deterioration in its aged debtors' profile over recent months.

The table below reconciles store operating costs per the portfolio summary to cost of sales in the income statement:

	Period ended 30 September 2022 £000	Period ended 30 September 2021 £000
Direct store operating costs per portfolio summary (excluding rent)	24,887	23,898
Rent included in cost of sales (total rent payable is included in portfolio summary)	718	1,047
Depreciation charged to cost of sales	235	188
Head office operational management costs charged to cost of sales	610	543
Armadillo cost of sales pre acquisition of remaining interest	-	(1,908)
Cost of sales per income statement	26,450	23,768

Store EBITDA

Store EBITDA for the period was £66.8 million, an increase of £9.1 million (16%) from £57.7 million for the period ended 30 September 2021 (see Portfolio Summary). The overall EBITDA margin for all stores during the period was 72.0%, up from 70.7% in 2021.

All stores are currently trading profitably at the Store EBITDA level, except for our recently opened stores in Harrow and Kingston North. Our stores at Hayes and Hove, which opened in the first quarter of 2022, reached break even in six and four months respectively.

Administrative expenses

Administrative expenses in the income statement have decreased by £0.2 million. In the prior period, the Group incurred £0.4 million of acquisition costs in relation to the purchase of the remaining interest in Armadillo which were written off in accordance with IFRS 3.

After excluding this one-off item in the prior period, administrative expenses have increased by £0.2 million, an inflationary increase. The non-cash share-based payments charge represents £1.7 million of the overall £7.1 million expense (2021: £1.7 million of £7.3 million expense).

Other operating income

In February 2022 the Group experienced a fire at our Cheadle store, which resulted in a total loss to the store. Buildings all risk insurance is in place for the full reinstatement value with the landlord. We also have insurance cover in place for both our fit-out and four years loss of income. The loss of income received during the first six months of the financial year was £0.7 million, which is included in other operating income.

The Group acquired the freehold of its Oxford store in September 2022, thus extinguishing the right of use asset and liability in relation to the lease from the previous landlord. This extinguishment gave rise to a gain of £0.2 million, which is included in other operating income for the period.

Interest

Interest on bank borrowings during the period was £7.8 million, £2.6 million higher than the same period last year, due to higher average debt levels in the period, coupled with a higher average cost of debt following the increase in interest rates.

Interest capitalised in the period amounted to £1.6 million (2021: £1.0 million), arising on the Group's construction programme.

Results

The Group's statutory profit before tax for the period was £6.8 million, compared to £254.9 million for the same period last year. The decrease is due to the revaluation loss in the in the period compared to a gain in the prior period.

After adjusting for the revaluation movement of investment properties and other matters shown in the table below, the Group made an adjusted profit before tax in the period of £54.6 million, up 16% from £46.9 million in 2021.

Profit before tax analysis	Six months ended 30 September 2022 £m	Six months ended 30 September 2021 £m
Profit before tax	6.8	254.9
Loss/(gain) on revaluation of investment properties	47.7	(204.6)
Change in fair value of interest rate derivatives	(0.6)	(0.5)
Refinancing costs	0.7	-
Acquisition costs written off	-	0.4
Share of non-recurring gains in associates	-	(3.3)
Adjusted profit before tax	54.6	46.9
Tax	(0.7)	(0.8)
Adjusted profit after tax	53.9	46.1

The movement in the adjusted profit before tax from the prior year is shown in the table below:

Movement in adjusted profit before tax	**£m**
Adjusted profit before tax for the six months to 30 September 2021	46.9
Increase in gross profit	9.3
Increase in administrative expenses	(0.2)
Increase in other operating income	0.9
Increase in net interest payable	(2.6)
Increase in capitalised interest	0.7
Reduction in share of associates' recurring profit	(0.4)
Adjusted profit before tax for the six months to 30 September 2022	54.6

The reduction in share of associates' recurring profit is following the acquisition of the remaining interest in Armadillo in July 2021. Diluted EPRA earnings per share was 29.3 pence (2021: 25.7 pence), an increase of 14% from the same period last year.

Cash flow

Cash flows from operating activities (after net finance costs and pre-working capital movements) have increased by 16% to £55.2 million for the period (2021: £47.4 million). These operating cash flows are after the ongoing maintenance costs of the stores, which for this first half were on average approximately £21,000 per store. The Group's net debt has increased over the period to £469.8 million (March 2022: £411.8 million), following the capital expenditure in the period.

There are distortive working capital items in the prior period, and therefore the summary cash flow below sets out the free cash flow pre-working capital movements

	Six months ended 30 September 2022 £m	Six months ended 30 September 2021 £m
Cash generated from operations pre-working capital movements	64.0	53.5
Net finance costs	(6.9)	(5.0)
Interest on obligations under lease liabilities	(0.4)	(0.4)
Tax	(1.5)	(0.7)
Cash flow from operating activities pre-working capital movements	55.2	47.4
Working capital movements	(0.6)	4.4
Cash flow from operating activities	54.6	51.8
Acquisition of Armadillo	-	(66.7)
Capital expenditure	(73.5)	(74.3)
Receipt from Capital Goods Scheme	0.2	0.4
Dividend received from associates	-	0.4
Cash flow after investing activities	(18.7)	(88.4)
Dividends	(38.7)	(31.0)
Payment of finance lease liabilities	(0.7)	(0.6)
Issue of share capital	0.9	98.5
Debt acquired with Armadillo	-	(50.9)
Receipt from termination of interest rate derivatives	0.4	-
Loan arrangement fees paid	(1.2)	-
Increase in borrowings	58.0	70.0
Net cash outflow	-	(2.4)

The Group's interest cover for the period (expressed as the ratio of cash generated from operations pre-working capital movements against interest paid) was 9.3 times (2021: 10.6 times), with the reduction caused by the increase in the interest expense over the period following the rise in borrowing costs and a higher average debt level.

Of the capital expenditure in the period £35.3 million related to the acquisitions of Old Kent Road, Slough Farnham Road, and the freehold of our Oxford store, with the balance of £38.2 million principally construction capital expenditure on our new stores in Harrow, Kingston North and Kings Cross, and investment in the retrofitting of solar panels across our estate.

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 £0.7 million tax charge in the residual business for the period ended 30 September 2022 (six months to 30 September 2021: £0.8 million).

Dividends

REIT regulatory requirements determine the level of Property Income Distribution ("PID") payable by the Group. A PID of 22.3 pence per share is proposed as the total interim dividend, an increase of 8% from 20.6 pence per share for the same period last year.

The interim dividend will be paid on 26 January 2023. The ex-dividend date is 5 January 2023, and the record date is 6 January 2023.

Financing and treasury

Our financing policy is to fund our current needs through a mix of debt, equity, and cash flow to allow us to build out, and add to, our development pipeline and achieve our strategic growth objectives, which we believe improve returns for shareholders. We aim to ensure that there are sufficient medium-term facilities in place to finance our committed development programme, secured against the freehold portfolio, with debt serviced by our strong operational cash flows. We maintain a keen watch on medium and long-term rates and the Group's policy in respect of interest rates is to maintain a balance between flexibility and hedging of interest rate risk.

The table below shows the Group's debt position at 30 September 2022:

Debt	**Expiry**	**Facility**	**Drawn**	**Cost**
Aviva Loan	September 2028	£160.4m	£160.4m	3.4%
M&G loan	September 2029	£120m	£120m	3.8%
Revolving bank facility (Lloyds, HSBC, and Bank of Ireland)	October 2024	£240m	£198m	3.6%
Total	Average term 4.5 years	£520.4m	£478.4m	3.6%

In addition to the facilities above, during the period, the Group signed a $225 million credit approved shelf facility with Pricoa Private Capital ("Pricoa"), to be drawn in fixed sterling notes. The Group can draw the debt in minimum tranches of £10 million over the next three years with terms of between 7 and 15 years at short notice, typically 10 days.

We intend to use this facility to partially replace and reduce the bank revolving credit facility which expires in October 2024. This facility increases our potential debt capacity to approximately £600 to £625 million and extends the average maturities.

The optionality built into the facility allows us to choose the timing of that transition and hence the opportunity to optimise our average cost of debt.

During the period, the Group refinanced its £120 million debt facility with M&G Investments ("M&G") for a seven year term, with the new loan expiring in September 2029, secured against a portfolio of 15 assets. The existing facility was due to expire in June 2023. £35 million of this facility is currently hedged until June 2023, and the balance is variable.

The pricing on the facility agreement was reflective of the sustainability investments that Big Yellow has made over the past few years, and our planned investment in solar over the coming years as part of our Net Renewable Energy Positive Strategy. The margin on the facility was reduced by 20bps from the expiring facility, reflective of improved portfolio performance.

The Group repaid the two Armadillo bank facilities during the period using the revolving bank facility. The Group also cancelled the two interest rate derivatives in place on the Armadillo facilities, which resulted in a payment to the Group of £436,000 as the swaps were in-the-money.

The Group was comfortably in compliance with its banking covenants at 30 September 2022 and is forecast to be for the period covered by the going concern statement.

The net debt to gross property assets ratio is 18% (2021: 18%) and the net debt to adjusted net assets ratio (see net asset value section below) is 21% (2021: 21%). Our net debt to the Group's market capitalisation at 30 September 2022 was 24% (2021: 15%).

Property

Investment property

The Group's investment properties are carried at the half year at Directors' valuation. They are valued externally by Jones Lang Lasalle ("JLL") at the year end. The Directors' valuations reflect the latest cash flows derived from each of the stores at the end of September.

In performing the valuations, the Directors consulted with JLL on the capitalisation rates used in the valuations. The Directors, as advised by the valuers, consider that the prime capitalisation rates have increased by on average 30 bps since the start of the financial year. The increase in cap rates applied was 12.5 bps for stores in London, 25 bps for stores in the South East and 50 bps for regional stores. Additionally, a further 25 bps was added to the cap rates for immature stores.

The Directors have also made some minor amendments to a couple of the valuation assumptions, namely the adjustment of stable occupancy levels on certain stores that are consistently trading ahead of the previously used assumptions and to certain assumptions on net achieved rents within the valuations. Other than the above, the Directors believe the core assumptions used by JLL in the March 2022 valuations are still appropriate at the September valuation date.

At 30 September 2022 the total value of the Group's properties is shown in the table below:

Analysis of property portfolio	**Value at 30 September 2022 £m**	**Revaluation movement in the period £m**
Investment property	2,386.2	(27.1)
Investment property under construction	268.0	(20.6)
Investment property total	2,654.2	(47.7)

The revaluation deficit for the open stores in the period was £27.1 million, reflecting the increase in cap rates referred to above, partly offset by the growth in operating cash flow. There is a revaluation deficit of £20.6 million on the investment property under construction, due to the outward shift in cap rates and increased projected development costs.

The initial yield on the portfolio is 5.9% (31 March 2022: 5.2%). The Group's annual report and accounts for the year ended 31 March 2022 contains a detailed explanation of the valuation methodology.

Development pipeline

The status of the Group's development pipeline is summarised in the table below:

Site	**Location**	**Status**	**Anticipated capacity**
Kings Cross, London	Prominent location on York Way	Planning consent granted. Demolition commenced in January 2021 with a view to opening in Summer 2023.	103,000 sq ft
Wembley, London	Prominent location on Towers Business Park	Planning consent granted. Discussions ongoing to secure vacant possession.	70,000 sq ft
Queensbury, London	Prominent location off Honeypot Lane	Site acquired in November 2018. Planning consent granted.	70,000 sq ft
Slough Bath Road	Prominent location on Bath Road	Site acquired in April 2019. Planning consent granted.	90,000 sq ft
Slough Farnham Road	Prominent location on Farnham Road	Site acquired in June 2022. Planning consent granted under the Slough Trading Estate Simplified Planning Zone ("SPZ") Scheme.	Replacement for existing leasehold store
Wapping, London	Prominent location on the Highway, adjacent to existing Big Yellow	Site acquired in July 2020. Planning application refusal likely to be appealed.	Additional 95,000 sq ft

Staines, London	Prominent location on the Causeway	Site acquired in December 2020. Planning consent granted. In addition, consent was received to develop 9 industrial units totalling 99,000 sq ft.	65,000 sq ft
Epsom, London	Prominent location on East Street	Site acquired in March 2021. Planning application submitted in September 2022.	58,000 sq ft
Kentish Town, London	Prominent location on Regis Road	Site acquired in April 2021. Planning application to be submitted in Q1 2023.	68,000 sq ft
West Kensington, London	Prominent location on Hammersmith Road	Site acquired in June 2021. Planning application to be submitted in Q1 2023.	175,000 sq ft
Old Kent Road, London	Prominent location on Old Kent Road	Site acquired in June 2022. Planning discussions underway with the local Council.	75,000 sq ft
Newcastle	Prominent location on Scotswood Road	Planning consent granted.	60,000 sq ft
Total			**929,000 sq ft**

The capital expenditure forecast for the remainder of the financial year (excluding any new site acquisitions) is approximately £17.7 million, which principally relates to construction costs on our development sites at Kings Cross, and the continued retrofitting of solar panels across the Group’s estate.

Net asset value

The adjusted net asset value per share is 1,220.1 pence (see note 13), down 2% from 1,239.7 pence per share at 31 March 2022. The table below reconciles the movement from 31 March 2022:

Movement in adjusted net asset value	**Equity shareholders’ funds £m**	**EPRA adjusted NAV pence per share**
31 March 2022	2,284.2	1,239.7
Adjusted profit after tax	53.9	29.2
Equity dividends paid	(39.1)	(21.2)
Revaluation movements	(47.7)	(25.9)
Movement in purchaser’s cost adjustment	1.5	0.8
Other movements (e.g. share schemes)	1.9	(2.5)
30 September 2022	2,254.7	1,220.1

Jim Gibson
Chief Executive Officer

John Trotman
Chief Financial Officer

21 November 2022

BIG YELLOW GROUP PLC

PORTFOLIO SUMMARY

	September 2022					September 2021				
	Big Yellow Established	Big Yellow Developing	Total Big Yellow	Armadillo (2)	Total	Big Yellow Established	Big Yellow Developing	Total Big Yellow	Armadillo	Total
Number of stores	75	9	84	24	108	74	5	79	25	104
At 30 September:										
Total capacity (sq ft)	4,724,000	584,000	5,308,000	987,000	6,295,000	4,669,000	315,000	4,984,000	1,078,000	6,062,000
Occupied space (sq ft)	4,169,000	317,000	4,486,000	814,000	5,300,000	4,268,000	204,000	4,472,000	955,000	5,427,000
Percentage occupied	88.3%	54.3%	84.5%	82.5%	84.2%	91.4%	64.8%	89.7%	88.6%	89.5%
Net rent per sq ft	£33.60	£28.71	£33.26	£21.40	£31.44	£30.75	£23.45	£30.43	£19.85	£28.46
For the period:										
REVPAF(3)	£33.08	£19.88	£31.88	£20.46	£30.05	£31.22	£14.75	£30.27	£19.61	£28.36
Average occupancy	88.2%	59.9%	85.7%	83.7%	85.4%	89.9%	52.4%	87.6%	87.0%	87.5%
Average annual net rent psf	£32.64	£27.75	£32.33	£20.98	£30.55	£29.79	£22.04	£29.52	£19.14	£27.73
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Self storage income	67,963	3,908	71,871	8,684	80,555	62,698	1,674	64,372	9,003	73,375
Other storage related income (3)	9,660	681	10,341	1,432	11,773	9,998	425	10,423	1,585	12,008
Ancillary store rental Income	429	85	514	7	521	396	33	429	10	439
Total store revenue	78,052	4,674	82,726	10,123	92,849	73,092	2,132	75,224	10,598	85,822
Direct store operating costs (excluding depreciation)	(19,146)	(2,000)	(21,146)	(3,741)	(24,887)	(18,895)	(1,360)	(20,255)	(3,643)	(23,898)
Short and long leasehold rent(4)	(1,063)	-	(1,063)	(85)	(1,148)	(955)	-	(955)	(301)	(1,256)
Store EBITDA(3,5)	57,843	2,674	60,517	6,297	66,814	53,242	772	54,014	6,654	60,668
Store EBITDA margin	74.1%	57.2%	73.2%	62.2%	72.0%	72.8%	36.2%	71.8%	62.8%	70.7%
Deemed cost	**£m**	**£m**	**£m**	**£m**	**£m**					
To 30 September 2022	708.5	127.9	836.4	135.9	972.3					
Capex to complete	-	0.6	0.6	0.9	1.5					
Total	708.5	128.5	837.0	136.8	973.8					

(1) The Big Yellow established stores have been open for more than three years at 1 April 2022, and the developing stores have been open for fewer than three years at 1 April 2022.

(2) Armadillo's Cheadle store was destroyed by fire in February 2022. It is included in the prior period comparatives, but not in the current period figures.

(3) See glossary in note 19.

(4) Rent under IFRS 16 for seven short leasehold properties accounted for as investment properties and right-of-use assets under IFRS.

(5) The Group acquired the 80% of the Armadillo Partnerships that it did not previously own on 1 July 2021. The results of the stores in the Partnerships have been included in the results above for both years to give a clearer understanding of the performance of all stores. The table below shows the results excluding the period when the stores were not wholly owned:

	2022			2021		
	Per above £000	**Armadillo results as an associate £000**	**Statutory £000**	**Per above £000**	**Armadillo results as an associate £000**	**Statutory £000**
Store revenue	92,849	-	92,849	85,822	(5,046)	80,776
Direct store operating costs	(24,887)	-	(24,887)	(23,898)	1,908	(21,990)
Rent	(1,148)	-	(1,148)	(1,256)	150	(1,106)
Store EBITDA	66,814	-	66,814	60,668	(2,988)	57,680

BIG YELLOW GROUP PLC
PORTFOLIO SUMMARY (continued)

The table below reconciles Store EBITDA to gross profit in the income statement:

	Period ended 30 September 2022 £000			Period ended 30 September 2021 £000		
	Store EBITDA (per note (3))	Reconciling items	Gross profit per income statement	Store EBITDA (per note (3))	Reconciling items	Gross profit per income statement
Store revenue/Revenue[(1)]	92,849	967	93,816	80,776	1,025	81,801
Cost of sales[(2)]	(24,887)	(1,563)	(26,450)	(21,990)	(1,778)	(23,768)
Rent[(3)]	(1,148)	1,148	-	(1,106)	1,106	-
	66,814	552	67,366	57,680	353	58,033

(1) See note 2 of the interim statement, reconciling items are management fees and non-storage income.
(2) See reconciliation in cost of sales section in Business and Financial Review.
(3) The rent shown above is the cost associated with leasehold stores, only part of which is recognised within gross profit in line with finance lease accounting principles. The amount included in gross profit is shown in the reconciling items in cost of sales.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK;
- the interim management report includes a fair review of the information required by:
  a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Jim Gibson Chief Executive Officer	John Trotman Chief Financial Officer

21 November 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 September 2022

	Note	**Six months ended 30 September 2022 (unaudited) £000**	Six months ended 30 September 2021 (unaudited) £000	Year ended 31 March 2022 (audited) £000
Revenue	2	93,816	81,801	171,318
Cost of sales		(26,450)	(23,768)	(50,383)
Gross profit		67,366	58,033	120,935
Administrative expenses		(7,091)	(7,341)	(14,352)
Operating profit before gains and losses on property assets		60,275	50,692	106,583
(Loss)/gain on the revaluation of investment properties	9a	(47,673)	204,662	597,224
Gain on disposal of investment property		-	-	584
Operating profit		12,602	255,354	704,391
Other operating income	2	899	-	-
Share of profit of associates	9e	-	3,677	3,677
Investment income – interest receivable	3	1	15	23
– fair value movement of derivatives	3	564	477	1,389
Finance costs	4	(7,313)	(4,655)	(10,604)
Profit before taxation		6,753	254,868	698,876
Taxation	5	(710)	(794)	(1,602)
Profit for the period (attributable to equity shareholders)		6,043	254,074	697,274
Total comprehensive income for the period attributable to equity shareholders		6,043	254,074	697,274
Basic earnings per share	8	3.3p	142.0p	385.4p
Diluted earnings per share	8	3.3p	141.6p	384.2p

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.

The notes on pages 19 to 32 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET
30 September 2022

	Note	**30 September 2022 (unaudited) £000**	30 September 2021 (unaudited) £000	31 March 2022 (audited) £000
Non-current assets				
Investment property	9a	2,386,246	1,969,730	2,342,199
Investment property under construction	9a	268,012	234,542	285,400
Right-of-use assets	9a	18,849	20,804	19,174
Plant, equipment, and owner-occupied property	9b	3,882	4,011	3,857
Intangible assets	9c	1,433	1,433	1,433
Investment	9d	588	450	588
Derivative financial instruments	12	-	-	885
		2,679,010	2,230,970	2,653,536
Current assets				
Derivative financial instruments	12	1,013	-	-
Inventories		480	404	483
Trade and other receivables	10	8,506	8,994	7,756
Cash and cash equivalents		8,604	9,911	8,605
		18,603	19,309	16,844
Total assets		2,697,613	2,250,279	2,670,380
Current liabilities				
Trade and other payables	11	(47,399)	(45,572)	(47,349)
Borrowings	12	(3,083)	(2,935)	(3,008)
Obligations under lease liabilities		(1,805)	(2,298)	(1,958)
		(52,287)	(50,805)	(52,315)
Non-current liabilities				
Borrowings	12	(473,056)	(402,362)	(414,972)
Obligations under lease liabilities		(18,386)	(20,009)	(18,718)
Derivative financial instruments	12	-	(27)	-
		(491,442)	(422,398)	(433,690)
Total liabilities		(543,729)	(473,203)	(486,005)
Net assets		2,153,884	1,777,076	2,184,375
Equity				
Called up share capital		18,422	18,397	18,397
Share premium account		290,771	289,885	289,923
Reserves		1,844,691	1,468,794	1,876,055
Equity shareholders' funds		2,153,884	1,777,076	2,184,375

The notes on pages 19 to 32 are an integral part of these condensed consolidated interim financial statements.

BIG YELLOW GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Six months ended 30 September 2022 (unaudited)

	Share capital £000	**Share premium account £000**	**Other non-distributable reserve £000**	**Capital redemption reserve £000**	**Retained earnings £000**	**Own shares £000**	**Total £000**
At 1 April 2022	18,397	289,923	74,950	1,795	1,800,329	(1,019)	2,184,375
Total comprehensive income for the period	-	-	-	-	6,043	-	6,043
Issue of share capital	25	848	-	-	-	-	873
Credit to equity for equity-settled share-based payments	-	-	-	-	1,730	-	1,730
Dividends	-	-	-	-	(39,137)	-	(39,137)
At 30 September 2022	18,422	290,771	74,950	1,795	1,768,965	(1,019)	2,153,884

Six months ended 30 September 2021 (unaudited)

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2021	17,588	192,218	74,950	1,795	1,168,363	(1,019)	1,453,895
Total comprehensive income for the period	-	-	-	-	254,074	-	254,074
Issue of share capital	809	97,667	-	-	-	-	98,476
Credit to equity for equity-settled share-based payments	-	-	-	-	1,670	-	1,670
Dividends	-	-	-	-	(31,039)	-	(31,039)
At 30 September 2021	18,397	289,885	74,950	1,795	1,393,068	(1,019)	1,777,076

Year ended 31 March 2022 (audited)

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2021	17,588	192,218	74,950	1,795	1,168,363	(1,019)	1,453,895
Total comprehensive income for the year	-	-	-	-	697,274	-	697,274
Issue of share capital	809	97,705	-	-	-	-	98,514
Credit to equity for equity-settled share-based payments	-	-	-	-	3,390	-	3,390
Dividends	-	-	-	-	(68,698)	-	(68,698)
At 31 March 2022	18,397	289,923	74,950	1,795	1,800,329	(1,019)	2,184,375

The notes on pages 19 to 32 are an integral part of these condensed consolidated interim financial statements.

BIG YELLOW GROUP PLC

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
Six months ended 30 September 2022

	Note	**Six months ended 30 September 2022 (unaudited) £000**	Six months ended 30 September 2021 (unaudited) £000	Year ended 31 March 2022 (audited) £000
Cash generated from operations	17	63,405	57,863	120,390
Bank interest paid		(6,907)	(5,042)	(10,763)
Interest on obligations under lease liabilities		(394)	(413)	(843)
Interest received		-	1	2
Tax paid		(1,517)	(655)	(1,649)
Cash flows from operating activities		54,587	51,754	107,137
Investing activities				
Purchase of non-current assets		(73,462)	(74,260)	(105,151)
Disposal of investment property		-	-	584
Acquisition of Armadillo (net of cash acquired)		-	(66,679)	(66,679)
Investment		-	-	(138)
Receipt from Capital Goods Scheme		173	381	381
Dividend received from associates	9e	-	435	435
Cash flows from investing activities		(73,289)	(140,123)	(170,568)
Financing activities				
Issue of share capital		873	98,476	98,514
Payment of finance lease liabilities		(706)	(614)	(1,384)
Equity dividends paid		(38,731)	(31,039)	(68,698)
Receipt from termination of interest rate derivatives		436	-	-
Loan arrangement fees paid		(1,155)	-	(953)
Increase in borrowings		57,984	19,135	32,235
Cash flows from financing activities		18,701	85,958	59,714
Net decrease in cash and cash equivalents		(1)	(2,411)	(3,717)
Opening cash and cash equivalents		8,605	12,322	12,322
Closing cash and cash equivalents		8,604	9,911	8,605

The notes on pages 19 to 32 are an integral part of these condensed consolidated interim financial statements.

Notes to the Interim Review

1. ACCOUNTING POLICIES

Basis of preparation

The results for the period ended 30 September 2022 are unaudited and were approved by the Board on 21 November 2022. The financial information contained in this report in respect of the year ended 31 March 2022 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 and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

The annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 March 2022.

Valuation of assets and liabilities held at fair value

For those financial instruments held at fair value, 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 14.

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 remain the same and can be found in the Strategic Report within the Group's Annual Report for the year ended 31 March 2022.

At 30 September 2022 the Group had available liquidity of £50.6 million, from a combination of cash and undrawn debt facilities. In addition, the Group has a $225 million shelf facility in place with Pricoa Private Capital to be drawn in fixed sterling notes. The Group can draw the debt in minimum tranches of £10 million over the next three years with terms of between 7 and 15 years at short notice, typically 10 days. The Group also has land surplus to its needs which will be realised over the medium term, generating net cash proceeds estimated currently at over £100 million. The Group is cash generative and for the six months ended 30 September 2022, had operational cash flow of £54.6 million, with capital commitments at the balance sheet date of £10.6 million.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements, taking into account the Group's operating plan and budget for the year ending 31 March 2023 and projections contained in the longer-term business plan which covers the period to March 2026. After reviewing these projected cash flows together with the Group's and Company's cash balances, borrowing facilities and covenant requirements, and potential property valuation movements over that period, the Directors believe that, taking account of severe but plausible downsides, the Group and Company will have sufficient funds to meet their liabilities as they fall due for that period.

Notes to the Interim Review

1. ACCOUNTING POLICIES (continued)

In making their assessment, the Directors have carefully considered the outlook for the Group's trading performance and cash flows as a result of the dislocations to the economy caused by the Russian invasion of Ukraine, taking into account the recent trading performance of the Group. The Directors have also taken into account the performance of the business during the Global Financial Crisis and the Covid-19 pandemic. The Directors modelled a number of different scenarios, including material reductions in the Group's occupancy rates and property valuations, and assessed the impact of these scenarios against the Group's liquidity and the Group's banking covenants. The scenarios considered did not lead to breaching any of the banking covenants, and the Group retained sufficient liquidity to meet its financial obligations as they fall due. Consequently, the Directors 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 2022 (unaudited) £000	Six months ended 30 September 2021 (unaudited) £000	Year ended 31 March 2022 (audited) £000
Open stores			
Self storage income	80,555	69,091	145,592
Insurance income	3,043	8,681	17,783
Enhanced liability service income	5,906	-	-
Packing materials income	1,822	1,708	3,142
Other income from storage customers	1,002	863	1,821
Ancillary store rental income	521	433	937
	92,849	80,776	169,275
Other revenue			
Non-storage income	967	700	1,718
Management fees	-	325	325
Total revenue	93,816	81,801	171,318

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

The Group has also earned other operating income of £0.9 million in the period, of which £0.7 million relates to insurance proceeds for loss of income following the destruction of the Group's Cheadle store by fire in 2022, and £0.2 million is following extinguishing the right-of-use asset and liability following the acquisition of the freehold of our Oxford store.

Further analysis of the Group's operating revenue and costs are in the Portfolio Summary and the Business and Financial Review. The seasonality of the business is discussed in note 18.

3. INVESTMENT INCOME

	Six months ended 30 September 2022 (unaudited) £000	Six months ended 30 September 2021 (unaudited) £000	Year ended 31 March 2022 (audited) £000
Bank interest receivable	-	1	2
Unwinding of discount on Capital Goods Scheme receivable	1	14	21
Total	1	15	23
Change in fair value of interest rate derivatives	564	477	1,389
Total investment income	565	492	1,412

Notes to the Interim Review

4. FINANCE COSTS

	Six months ended 30 September 2022 (unaudited) £000	Six months ended 30 September 2021 (unaudited) £000	Year ended 31 March 2022 (audited) £000
Interest on bank borrowings	7,836	5,202	11,772
Capitalised interest	(1,649)	(960)	(2,072)
Interest on finance lease obligations	394	413	843
Other interest payable	-	-	61
Loan refinancing costs	732	-	-
Total finance costs	7,313	4,655	10,604

5. TAXATION

The Group is a REIT. As a result, the Group does not pay UK corporation tax on the profits and gains from its qualifying rental business in the UK if it meets certain conditions. Non-qualifying profits and gains of the Group are subject to corporation tax as normal. The Group monitors its compliance with the REIT conditions. There have been no breaches of the conditions to date.

	Six months ended 30 September 2022 (unaudited) £000	Six months ended 30 September 2021 (unaudited) £000	Year ended 31 March 2022 (audited) £000
Current tax:			
- Current year	895	704	1,725
- Prior year	(185)	90	(123)
	710	794	1,602

6. ADJUSTED PROFIT

	Six months ended 30 September 2022 (unaudited) £000	Six months ended 30 September 2021 (unaudited) £000	Year ended 31 March 2022 (audited) £000
Profit before tax	6,753	254,868	698,876
Loss/(gain) on revaluation of investment properties – Group	47,673	(204,662)	(597,224)
– associates (net of deferred tax) to 30 June 2021	-	(1,537)	(1,537)
Change in fair value of interest rate derivatives	(564)	(477)	(1,389)
Armadillo fair value adjustments on acquisition	-	(1,756)	(1,756)
Gain on disposal of investment property	-	-	(584)
Refinancing fees	732	-	-
Acquisition costs written off	-	416	416
Adjusted profit before tax	54,594	46,852	96,802
Tax	(710)	(794)	(1,602)
Adjusted profit after tax (EPRA earnings)	53,884	46,058	95,200

Adjusted profit before tax which excludes gains and losses on the revaluation of investment properties, changes in fair value of interest rate derivatives, net gains and losses on disposal of investment property, and material non-recurring items of income and expenditure have been disclosed as, in the Board's view, this provides a clearer understanding of the Group's underlying trading performance.

Notes to the Interim Review

7. DIVIDENDS

	Six months ended 30 September 2022 (unaudited) £000	Six months ended 30 September 2021 (unaudited) £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2022 of 21.4p (2021: 17.0p) per share	39,137	31,039
Proposed interim dividend for the year ending 31 March 2023 of 22.3p (2022: 20.6p) per share	40,830	37,666

The proposed interim dividend of 22.3 pence per ordinary share will be paid to shareholders on 26 January 2023. The ex-dividend date is 5 January 2023, and the record date is 6 January 2023. The interim dividend is all Property Income Distribution.

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 2022 (unaudited)			Six months ended 30 September 2021 (unaudited)			Year ended 31 March 2022 (audited)		
	Earnings £000	**Shares million**	**Pence per share**	Earnings £000	Shares million	Pence per share	Earnings £000	Shares million	Pence per share
Basic	6,043	182.9	3.3	254,074	178.9	142.0	697,274	180.9	385.4
Dilutive share options	-	1.0	-	-	0.5	(0.4)	-	0.6	(1.2)
Diluted	6,043	183.9	3.3	254,074	179.4	141.6	697,274	181.5	384.2
Adjustments:									
Loss/(gain) on revaluation of investment properties	47,673	-	25.9	(204,662)	-	(114.0)	(597,224)	-	(329.0)
Acquisition costs written off	-	-	-	416	-	0.2	416	-	0.2
Change in fair value of interest rate derivatives	(564)	-	(0.3)	(477)	-	(0.3)	(1,389)	-	(0.8)
Gain on disposal of investment property	-	-	-	-	-	-	(584)	-	(0.3)
Refinancing fees	732	-	0.4	-	-	-	-	-	-
Share of associates' non-recurring gains and losses	-	-	-	(3,293)	-	(1.8)	(3,293)	-	(1.8)
EPRA - diluted	53,884	183.9	29.3	46,058	179.4	25.7	95,200	181.5	52.5
EPRA – basic	53,884	182.9	29.5	46,058	178.9	25.7	95,200	180.9	52.6

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 share options.

EPRA earnings and earnings per ordinary share have been disclosed to give a clearer understanding of the Group's underlying trading performance.

Notes to the Interim Review

9. NON-CURRENT ASSETS

a) Investment property

	Investment property £000	Investment property under construction £000	Right-of-use assets £000	Total £000
At 1 April 2022	2,342,199	285,400	19,174	2,646,773
Additions	31,881	42,451	-	74,332
Adjustment to present value	-	-	2,035	2,035
Reclassification	39,288	(39,288)	-	-
Acquisition of freehold	-	-	(1,598)	(1,598)
Revaluation	(27,122)	(20,551)	-	(47,673)
Depreciation	-	-	(762)	(762)
At 30 September 2022	2,386,246	268,012	18,849	2,673,107

Capital commitments at 30 September 2022 were £10.6 million (31 March 2022: £20.9 million).

b) Plant, equipment, and owner-occupied property

	Freehold property £000	Leasehold improve-ments £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings, and office equipment £000	Right of use assets £000	Total £000
Cost							
At 1 April 2022	2,290	59	447	32	1,640	872	5,340
Additions	57	-	129	-	357	-	543
Retirement of fully depreciated assets	-	-	(50)	-	(352)	-	(402)
At 30 September 2022	2,347	59	526	32	1,645	872	5,481
Accumulated depreciation							
At 1 April 2022	(636)	(16)	(135)	(32)	(347)	(317)	(1,483)
Charge for the period	(22)	(2)	(75)	-	(366)	(53)	(518)
Retirement of fully depreciated assets	-	-	50	-	352	-	402
At 30 September 2022	(658)	(18)	(160)	(32)	(361)	(370)	(1,599)
Net book value							
At 30 September 2022	1,689	41	366	-	1,284	502	3,882
At 31 March 2022	1,654	43	312	-	1,293	555	3,857

c) Intangible assets

The intangible asset relates to the Big Yellow brand, which was acquired through the acquisition of Big Yellow Self Storage Company Limited in 1999. The carrying value of £1.4 million remains unchanged from the prior year as there is considered to be no impairment in the value of the asset. The asset has an indefinite life and is tested annually for impairment or more frequently if there are indicators of impairment.

d) Investment

The Group has an £0.6 million investment in DS Operations Centre Limited, a company which provides out-of-hours monitoring and alarm receiving services, including for the Group's stores. The investment is carried at cost and tested annually for impairment.

Notes to the Interim Review

9. NON-CURRENT ASSETS (continued)

e) Investment in associates

Armadillo

The Group had a 20% interest in Armadillo Storage Holding Company Limited ("Armadillo 1") and a 20% interest in Armadillo Storage Holding Company 2 Limited ("Armadillo 2"). Both interests were accounted for as associates, using the equity method of accounting. On 1 July 2021 the Group acquired the remaining interest in Armadillo 1 and Armadillo 2 that it did not previously own. From this date, Armadillo 1 and Armadillo 2 are accounted for as a wholly owned subsidiaries of the Group. The results up to this date are equity accounted as shown in the note below:

	Armadillo 1			**Armadillo 2**		
	30 September 2022 (unaudited) £000	30 September 2021 (unaudited) £000	31 March 2022 (audited) £000	**30 September 2022 (unaudited) £000**	30 September 2021 (unaudited) £000	31 March 2022 (audited) £000
At the beginning of the period	-	8,698	8,698	-	5,022	5,022
Share of results (see below)	-	2,413	2,413	-	1,264	1,264
Dividends	-	(211)	(211)	-	(224)	(224)
Acquisition of remaining interest	-	(10,900)	(10,900)	-	(6,062)	(6,062)
At the end of the period	-	-	-	-	-	-

The figures below show the trading results of Armadillo, and the Group's share of the results up to the point of acquisition of the remaining interest in the Partnerships on 1 July 2021.

	Armadillo 1 1 April 2021 to 30 June 2021 (unaudited) £000	**Armadillo 2 1 April 2021 to 30 June 2021 (unaudited) £000**
Income statement (100%)		
Revenue	3,170	1,876
Cost of sales	(1,601)	(793)
Administrative expenses	(126)	(45)
Operating profit	1,443	1,038
Goodwill write-off	(982)	(1,849)
Gain on the revaluation of investment properties	4,888	2,795
Net interest payable	(274)	(183)
Current and deferred tax	6,988	4,519
Profit attributable to shareholders	12,063	6,320
Dividends paid	(1,054)	(1,120)
Retained profit	11,009	5,200
Group share (20%)		
Operating profit	289	208
Goodwill write-off	(196)	(370)
Gain on the revaluation of investment properties	978	559
Net interest payable	(55)	(37)
Current and deferred tax	1,397	904
Profit attributable to shareholders	2,413	1,264
Dividends paid	(211)	(224)
Retained profit	2,202	1,040
Associates' net assets	-	-

Notes to the Interim Review

10. TRADE AND OTHER RECEIVABLES

	30 September 2022 (unaudited) £000	30 September 2021 (unaudited) £000	31 March 2022 (audited) £000
Current			
Trade receivables	5,184	4,767	4,763
Other receivables	310	646	949
Prepayments and accrued income	3,012	3,581	2,044
	8,506	8,994	7,756

11. TRADE AND OTHER PAYABLES

	30 September 2022 (unaudited) £000	30 September 2021 (unaudited) £000	31 March 2022 (audited) £000
Current			
Trade payables	1,424	4,997	5,705
Other payables	15,612	12,812	13,762
Accruals and deferred income	30,363	27,763	27,882
	47,399	45,572	47,349

12. BORROWINGS

	30 September 2022 (unaudited) £000	30 September 2021 (unaudited) £000	31 March 2022 (audited) £000
Aviva loan	3,083	2,935	3,008
Current borrowings	3,083	2,935	3,008
Aviva loan	157,336	110,450	158,927
M&G loan	120,000	70,000	120,000
Armadillo bank loans	-	47,950	39,500
Bank borrowings	198,000	176,000	99,000
Unamortised debt arrangement costs	(2,280)	(2,038)	(2,455)
Non-current borrowings	473,056	402,362	414,972
Total borrowings	476,139	405,297	417,980

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 Group cancelled the interest rate derivatives outstanding on the Armadillo loans when they were repaid in June 2022, receiving £436,000, their fair value at that date. The gain in the income statement for the period on its interest rate swaps was £564,000 (2021: gain of £477,000). The reconciliation of the balance sheet position is shown below:

	£000
Asset at 31 March 2022	885
Change in fair value of derivatives during the period	564
Receipt from cancellation of interest rate derivatives	(436)
Asset at 30 September 2022	1,013

The interest rate derivative asset is shown within current assets at the period end, as the interest rate derivative expires within 12 months of the balance sheet date.

At 30 September 2022 the Group was in compliance with all loan covenants. The movement in the Group's loans are shown net in the cash flow statement as the bank loan is a revolving facility and is repaid and redrawn each month.

Notes to the Interim Review

13. ADJUSTED NET ASSETS PER SHARE

EPRA's Best Practices Recommendations guidelines contain three Net Asset Value (NAV) metrics: EPRA Net Tangible Assets (NTA), EPRA Net Reinstatement Value (NRV) and EPRA Net Disposal Value (NDV).

EPRA NTA is considered to be most consistent with the nature of Big Yellow's business which provides sustainable long-term progressive returns. EPRA NTA is shown in the table below. This measure is further adjusted by the adjustment the Group makes for purchaser's costs, which is the Group's Adjusted Net Asset Value (or Adjusted NAV).

Basic net assets per share are shareholders' funds divided by the number of shares at the period end. Any shares currently held in the Group's Employee Benefit Trust are excluded from both net assets and the number of shares. Adjusted net assets per share include: the effect of those shares issuable under employee share option schemes and the effect of alternative valuation methodology assumptions (see note 14).

	Six months ended 30 September 2022			Six months ended 30 September 2021			Year ended 31 March 2022		
	Equity attributable to ordinary shareholders £000	**Shares million**	**Pence per share**	Equity attributable to ordinary shareholders £000	Shares million	Pence per share	Equity attributable to ordinary shareholders £000	Shares million	Pence per share
Basic NAV	2,153,884	183.1	1,176.3	1,777,076	182.8	972.1	2,184,375	182.8	1,194.7
Share and save as you earn schemes	1,172	1.7	(10.1)	1,660	1.5	(7.0)	1,592	1.5	(8.3)
Diluted NAV	2,155,056	184.8	1,166.2	1,778,736	184.3	965.1	2,185,967	184.3	1,186.4
Fair value of derivatives	(1,013)	-	(0.6)	27	-	-	(885)	-	(0.5)
Intangible assets	(1,433)	-	(0.8)	(1,433)	-	(0.7)	(1,433)	-	(0.8)
EPRA NTA	2,152,610	184.8	1,164.8	1,777,330	184.3	964.4	2,183,649	184.3	1,185.1
Valuation methodology assumption (see note 14) (£000)	102,108	-	55.3	129,500	-	70.2	100,600	-	54.6
Adjusted NAV	2,254,718	184.8	1,220.1	1,906,830	184.3	1,034.6	2,284,249	184.3	1,239.7

JLL were appointed as the Group's valuers in March 2022. Their valuation model differs from the previous valuer CBRE's in that they do not assume a sale of the asset in year 10 of the discounted cash flow, instead taking the cash flows on in perpetuity at an all risks yield which reflects the implicit future growth of the business. This approach means purchaser's costs are not deducted on this in perpetuity cash flow. CBRE's model assumed a sale in year 10, and deducted purchaser's costs from this notional sale. This means the overall purchaser's costs are lower in the JLL model and explains why the valuation methodology assumption adjustment is lower in the current period and prior year compared to the prior period.

14. VALUATION OF INVESTMENT PROPERTY

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.

The freehold and leasehold investment properties have been valued at 30 September 2022 by the Directors. The valuation has been carried out in accordance with the same methodology as the year end valuations prepared by Jones Lang Lasalle ("JLL").

The Directors' valuations reflect the latest cash flows derived from each of the stores at 30 September 2022. In performing the valuations, the Directors consulted with JLL on the capitalisation rates used in the valuations. The Directors, as advised by JLL, consider that the capitalisation rates for prime self storage stores have moved out by on average 30 bps across the portfolio since the start of the financial year, reflecting increased financing costs and macroeconomic uncertainty (see further commentary in the Financial Review).

The Directors have also made some minor amendments to a couple of the valuation assumptions, namely the adjustment of stable occupancy levels on certain stores that are consistently trading ahead of the previously used assumptions and to certain assumptions on net achieved rents within the valuations. Other than the above, the Directors believe the core assumptions used by JLL in the March 2022 valuations are still appropriate at the September valuation date. See the Group's annual report for the year ended 31 March 2022 for the full detail of the valuation methodology.

Sensitivities

Self storage valuations are complex, derived from data which is not widely publicly available and involve a degree of judgement. For these reasons we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13. Inputs to the valuations, some of which are 'unobservable' as defined by IFRS 13, include capitalisation yields, stable occupancy rates, and rental growth rates. The existence of an increase of more than one unobservable input would augment the impact on valuation. The impact on the valuation would be mitigated by the inter-relationship between unobservable inputs moving in opposite directions. For example, an increase in stable occupancy may be offset by an increase in yield, resulting in no net impact on the valuation. A sensitivity analysis showing the impact on valuations of changes in yields and stable occupancy is shown below:

	Impact of a change in capitalisation rates		**Impact of a change in stabilised occupancy assumption**	
	25 bps decrease	**25 bps increase**	**1% increase**	**1% decrease**
Reported Group	£109.8 million	(£100.0 million)	£32.5 million	(£33.0 million)

A sensitivity analysis has not been provided for a change in the rental growth rate adopted as there is a relationship between this measure and the discount rate adopted. So, in theory, an increase in the rental growth rate would give rise to a corresponding increase in the discount rate and the resulting value impact would be limited.

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 weighted average purchaser's cost of 6.8% of gross value, as if they were sold directly as property assets. The valuation is an asset valuation that is entirely linked to the operating performance of the business. The assets would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be very difficult to achieve except in a corporate structure.

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 for the deduction of operational costs 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 Directors have therefore carried out a valuation on the above basis, and this results in a higher property valuation at 30 September 2022 of £2,756.4 million (£102.1 million higher than the value recorded in the balance sheet which translates to 55.3 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 13).

15. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES

The table below sets out the categorisation of the financial instruments held by the Group at 30 September 2022. Where the financial instruments are held at fair value the valuation level indicates the priority of the inputs to the valuation technique. The fair value 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). Valuations categorised as Level 2 are obtained from third parties. 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.

	Valuation level	**30 September 2022 (unaudited) £000**	30 September 2021 (unaudited) £000
Interest rate derivatives asset/(liability)	2	1,013	(27)

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

Jim 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 amounting to £8,000 (2021: £4,000).

Transactions with Armadillo

As described in note 9e, the Group had a 20% interest in Armadillo Storage Holding Company Limited and a 20% interest in Armadillo Storage Holding Company 2 Limited. The Group acquired the remaining interest in both companies that it did not own on 1 July 2021. From this date, the Companies were wholly owned subsidiaries of the Group and hence the transactions subsequent to that date are not disclosable. Up to the date of acquisition, the Group entered into transactions with the Companies on normal commercial terms and earned management fees of £238,000 from Armadillo 1 and £87,000 from Armadillo 2.

London Children's Ballet

The Group signed a Section 106 agreement with Wandsworth Council relating to the development of our Battersea store, which required the Group to provide cultural space to Wandsworth Borough Council. During the prior year the Group granted a twenty year lease over this space to London Children's Ballet at a peppercorn rent, who in turn have agreed to enter into a Social Agreement with Wandsworth Borough Council coterminous with the lease. Jim Gibson is the Chairman of Trustees of the London Children's Ballet. London Children's Ballet rent storage space from the Group on normal commercial terms, amounting to £1,000 during the period (2021: £nil).

DS Operations Centre Limited

The Group has invested £588,000 in DS Operations Centre Limited ("DSOC"). DSOC provided alarm and CCTV monitoring services to the Group under normal commercial terms during the period, amounting to £148,000 (2021: £132,000).

Treepoints Limited

Jim Gibson is a Non-Executive Director and an investor in City Stasher Limited, which in turn has a minority investment in Treepoints Limited. Treepoints Limited provided offsetting tree planting services in respect of our online packing material sales, under normal commercial terms during the period, amounting to £6,000 (2021: £2,000).

Ukrainian Sponsorship Pathway UK

Nicholas Vetch and Heather Savory are trustees of a charity called Ukrainian Sponsorship Pathway UK ("USPUK") to help Ukrainians displaced by the war to travel to the UK as part of the "Homes for Ukraine" scheme. The charity has set up offices in Warsaw and Krakow and is one of the few that has been recognised for this purpose by the UK Government. We are proud to be financial supporters of this new charity and the Board approved a donation which was made in May 2022 of £50,000 (2021: £nil).

BIG YELLOW GROUP PLC

Notes to the Interim Review

17. CASH FLOW NOTES

a) Reconciliation of profit after tax to cash generated from operations

	Note	**Six months ended 30 September 2022 (unaudited) £000**	Six months ended 30 September 2021 (unaudited) £000	Year ended 31 March 2022 (audited) £000
Profit after tax		6,043	254,074	697,274
Taxation		710	794	1,602
Share of profit of associates		-	(3,677)	(3,677)
Other operating income		(899)	-	-
Investment income		(565)	(492)	(1,412)
Finance costs		7,313	4,655	10,604
Operating profit		12,602	255,354	704,391
Loss/(gain) on the revaluation of investment properties	9a, 14	47,673	(204,662)	(597,224)
Gain on disposal of investment property		-	-	(584)
Loss of income insurance proceeds received		745	-	-
Depreciation of plant, equipment, and owner-occupied property	9b	465	441	857
Depreciation of finance lease capital obligations		815	755	1,659
Employee share options		1,730	1,670	3,390
Cash generated from operations pre-working capital movements		64,030	53,558	112,489
Decrease in inventories		3	10	(71)
(Increase)/decrease in receivables		(906)	369	1,550
Increase in payables		278	3,926	6,422
Cash generated from operations		63,405	57,863	120,390

b) Reconciliation of net cash flow to movement in net debt

	Six months ended 30 September 2022 (unaudited) £000	Six months ended 30 September 2021 (unaudited) £000	Year ended 31 March 2022 (audited) £000
Net decrease in cash and cash equivalents	(1)	(2,411)	(3,717)
Cash flow from movement in debt financing	(57,984)	(70,035)	(83,135)
Change in net debt resulting from cash flows	(57,985)	(72,446)	(86,852)
Movement in net debt in the period	(57,985)	(72,446)	(86,852)
Net debt at start of period	(411,830)	(324,978)	(324,978)
Net debt at end of period	(469,815)	(397,424)	(411,830)

Notes to the Interim Review

18. RISKS AND UNCERTAINTIES

The 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 2022. The risk mitigating factors listed in the 2022 Annual Report are still appropriate.

The economic outlook remains uncertain, with significant inflationary pressures in the economy and an associated impact on the cost of living. This may create economic headwinds in the quarter to December 2022 and into 2023, which may have an impact on the demand for self storage.

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 the global economy look set to continue. We have a high-quality prime portfolio of assets that should help to mitigate the impact of this on the Group.

Self storage is a seasonal business, and we typically lose occupancy in the December quarter. The new year typically sees an increase in activity, occupancy, and revenue growth. The visibility we have in 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.

There is a risk that our customers may default on their rent payments, however we have not seen an increase in bad debts since the onset of the pandemic. We have approximately 77,000 occupied rooms and this, coupled with the diversity of our customers' reasons for using storage, mean the risk of individual tenant default to Big Yellow is low. 80% 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

Notes to the Interim Review

19. GLOSSARY

Adjusted earnings growth	The increase in adjusted eps period-on-period.
Adjusted eps	Adjusted profit after tax divided by the diluted weighted average number of shares in issue during the financial period.
Adjusted NAV	EPRA NTA adjusted for an investment property valuation carried out at purchasers' costs of 2.75%, see note 13.
Adjusted profit before tax	The Company's pre-tax EPRA earnings measure with additional Company adjustments.
Average net achieved rent per sq ft	Storage revenue divided by average occupied space over the period.
Average rental growth	The growth in average net achieved rent per sq ft period-on-period.
BREEAM	An environmental rating assessed under the Building Research Establishment's Environmental Assessment Method.
Carbon intensity	Carbon emissions divided by the Group's average occupied space.
Closing net rent per sq ft	Annual storage revenue generated from in-place customers divided by occupied space at the balance sheet date.
Committed facilities	Available undrawn debt facilities plus cash and cash equivalents.
Debt	Long-term and short-term borrowings, as detailed in note 12, excluding finance leases and debt issue costs.
Earnings per share (eps)	Profit for the financial period attributable to equity shareholders divided by the average number of shares in issue during the financial period.
EBITDA	Earnings before interest, tax, depreciation, and amortisation.
EPRA	The European Public Real Estate Association, a real estate industry body. This organisation has issued Best Practice Recommendations with the intention of improving the transparency, comparability, and relevance of the published results of listed real estate companies in Europe.
EPRA earnings	The IFRS profit after taxation attributable to shareholders of the Company excluding investment property revaluations, gains/losses on investment property disposals and changes in the fair value of financial instruments.
EPRA earnings per share	EPRA earnings divided by the average number of shares in issue during the period.
EPRA NTA per share	EPRA NTA divided by the diluted number of shares at the period end.
EPRA net tangible asset value (EPRA NTA)	IFRS net assets excluding the mark-to-market on interest rate derivatives, deferred taxation on property valuations where it arises, and intangible assets. It is adjusted for the dilutive impact of share options.
Equity	All capital and reserves of the Group attributable to equity holders of the Company.
Gross property assets	The sum of investment property and investment property under construction.
Gross value added	The measure of the value of goods and services produced in an area, industry, or sector of an economy.
Interest cover	The ratio of operating cash flow divided by interest paid (before exceptional finance costs, capitalised interest, and changes in fair value of interest rate derivatives). This metric is provided to give readers a clear view of the Group's financial position.
Like-for-like occupancy	Excludes the closing occupancy of new stores acquired, opened, or closed in the current or preceding financial year in both the current financial year and comparative figures. This excludes Aberdeen, Harrow, Hayes, Hove, Kingston North, Uxbridge, and the Armadillo stores.
Like-for-like store revenue	Excludes the impact of new stores acquired, opened or stores closed in the current or preceding financial year in both the current year and comparative figures. This excludes Aberdeen, Harrow, Hayes, Hove, Kingston North, Uxbridge, and the Armadillo stores.

Notes to the Interim Review

19. GLOSSARY (CONTINUED)

LTV (loan to value)	Net debt expressed as a percentage of the external valuation of the Group's investment properties.
Move-ins	The number of customers taking a storage room in the defined period.
Move-outs	The number of customers vacating a storage room in the defined period.
NAV	Net asset value.
Net debt	Gross borrowings less cash and cash equivalents.
Net initial yield	The forthcoming year's net operating income expressed as a percentage of capital value, after adding notional purchaser's costs.
Net operating income	Store EBITDA after an allocation of central overhead.
Net operating income on stabilisation	The projected net operating income delivered by a store when it reaches a stable level of occupancy.
Net promoter score (NPS)	The Net Promoter Score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. The Company measures NPS based on surveys sent to all its move-ins and move-outs.
Net rent per sq ft	Storage revenue generated from in place customers divided by occupancy.
Occupancy	The space occupied by customers divided by the MLA expressed as a % or in sq ft.
Occupied space	The space occupied by customers in sq ft.
Other storage related income	Packing materials, insurance/enhanced liability service and other storage related fees.
Pipeline	The Group's development sites.
Property Income Distribution (PID)	A dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax-exempt property rental business, and which is taxable for UK-resident shareholders at their marginal tax rate.
REGO	Renewable Energy Guarantees of Origin.
REIT	Real Estate Investment Trust. A tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain conditions.
REVPAF	Total store revenue divided by the average maximum lettable area in the period.
Store EBITDA	Store earnings before interest, tax, depreciation, and amortisation.
Store maximum lettable area (MLA)	The total square foot (sq ft) available to rent to customers.
Store revenue	Revenue earned from the Group's open self storage centres.
TCFD	Task Force on Climate Related Financial Disclosure.
Total shareholder return (TSR)	The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional units of shares.

INDEPENDENT REVIEW REPORT TO BIG YELLOW GROUP PLC

Conclusion

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 2022 which comprises the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Cash Flow Statement, and the related explanatory notes.

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 2022 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention that causes us to believe that the Directors have inappropriately adopted the going concern basis of accounting, or that the Directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

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 DTR of the UK FCA.

As disclosed in note 1, the latest annual financial statements of the Group were prepared in accordance with UK-adopted international accounting standards.

The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

INDEPENDENT REVIEW REPORT TO BIG YELLOW GROUP PLC

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 reached.

Anna Jones
for and on behalf of KPMG LLP
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21 November 2022