Chairman's Statement

Big Yellow Group PLC ("Big Yellow", "the Group" or "the Company"), the UK's brand leader in self storage, is pleased to announce its results for the year ended 31 March 2022.

We acquired the 80% of the Armadillo store portfolio that we did not previously own on 1 July 2021, and these results therefore benefit from consolidating the Armadillo business for nine months of the year. The Armadillo portfolio has been managed as part of our operating platform and has therefore been fully integrated for many years. In these results we have separated out the Armadillo performance in the portfolio summary to provide a transparent understanding of the performance of the business.

The Group has delivered strong revenue growth, driving earnings growth from a combination of occupancy, improvements in average net rent driven by our yield management systems, and the accretive acquisition of Armadillo.

The business delivered very strong occupancy growth from the end of the first lockdown in 2020 through to last summer, benefiting from an acceleration in certain structural trends around housing, working from home, the move to online trading and the like. These trends, combined with the shortage of quality flexible mini-warehousing space, from which to operate small scale storage and e-fulfilment is helping to drive our demand. We believe these are long-term trends.

As expected, we did see a return to our more normal seasonal fall in occupancy in the third quarter of the financial year, accentuated by a very strong early summer which in itself was partially influenced by distortions caused by the stamp duty holiday coming to an end.

Revenue
£171.3m +27%
£135.2m

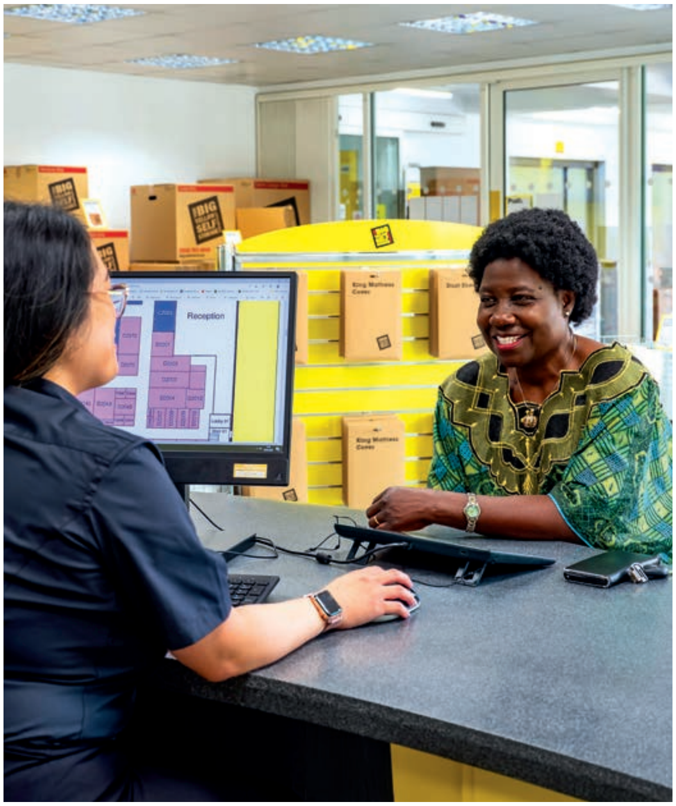
Like-for-like store revenue[1,2]
£148.1m +13%
£131.1m

Store revenue[1]
£169.3m +28%
£132.5m

Store EBITDA[1]
£120.9m +32%
£91.9m

In the fourth quarter, we would normally see increasing occupancy growth from mid-February to the end of March. We have experienced some softness in demand since the tragic events began to unfold in Ukraine, following the Russian invasion. As a consequence, our occupancy performance was largely flat in the fourth quarter with a small gain, with year-on-year like-for-like revenue growth of 10% largely driven by increases in net achieved rents. This is a needs-driven business with many of our customers making significant decisions around moving, business start-ups, extensions and the like, and at times of significant uncertainty there can be some hesitancy; although, based on previous experience, these decisions are often only deferred. We are now some weeks on, and we are seeing an improvement in the demand picture with prospects and move-ins up on last year in April. We can also state that the trading patterns in our business in terms of move-ins and move-outs have now normalised, following two years of pandemic related distortions.

[1] See note 33 for glossary of terms
[2] The like-for-like metrics exclude stores opened in the current and preceding financial years, and the Armadillo stores



Financial results

Revenue for the year was £171.3 million (2021: £135.2 million), an increase of 27%. Like-for-like store revenue growth (see note 33) was 13% driven by a combination of increases in average occupancy and average net rent. Like-for-like store revenue excludes new store openings, and the impact of the acquisition of the remaining interest in Armadillo. Armadillo was previously equity accounted as an associate, and from 1 July 2021 is consolidated, as we now own 100%.

Store revenue for the fourth quarter was £43.9 million, an increase of 30% from £33.8 million for the same quarter last year.

Operating cash flow (after net finance costs) increased by £30.4 million (40%) to £107.1 million for the year (2021: £76.7 million).

The Group made an adjusted profit before tax in the year of £96.8 million up 30% from £74.6 million in 2021. EPRA earnings per share increased by 24% to 52.5p (2021: 42.4p) with an equivalent 24% increase in the dividend per share for the year.

The Group's statutory profit before tax was £698.9 million, an increase of 163% from £265.8 million in the prior year with a higher revaluation gain on our investment properties in the year, reflecting the growth in cash flow and some improvement in cap rates. The Financial Review and note 15 contains further details on the Group's valuation, which has this year been carried out for the first time by Jones Lang LaSalle.

Acquisition of Armadillo

On 1 July, the Group acquired the remaining 80% interest in Armadillo which it did not previously own from its JV partners. The total consideration was £119 million, including underlying debt of £50.9 million for a Year One net operating income ("NOI") yield of 7.7% (based on a projected NOI of £10.9 million). The acquisition was funded by a combination of equity from last summer's placing and the pre-existing debt and is, and continues to be, earnings enhancing.

The Armadillo portfolio is more regional and as a result the proportion of our revenue derived from London and the South East reduced from 82% to 74%, albeit we expect this weighting to revert over the medium term to over 80%, given our development pipeline is focused largely on London and the South East. Armadillo represents 11% of the Group's total combined EBITDA and 12% of revenue.

We continue to look to acquire existing assets into the business which meet our requirements in terms of location, quality of build, environmental rating, and capacity.

Investment in new capacity

We opened three new stores in the year adding 185,000 sq ft to our platform. Initial trading has been encouraging, with Uxbridge (opened June 2021) at 75% occupancy at the date of these results, Hayes (opened January 2022) at 21% occupancy and Hove (opened mid-March 2022) at 22% occupancy. Uxbridge broke even at the EBITDA level within four months of opening, and we expect the other two stores to start making a positive contribution to earnings this year. We will continue to open our pipeline stores and are now seeing the benefit of several years building up the development pipeline and successfully gaining planning consents.

Site acquisitions

In our core area of operation, being London and its commuter towns, we continue to see increased competition for sites from urban logistics and the industrial sector alongside mixed use residential and other uses. Opportunities are scarce and well-bid when they do come along, particularly in London.

In April the Group acquired a prime Zone 2 0.9 acre site on Regis Road in Kentish Town, North London for £16.5 million. We will be seeking planning permission for a 68,000 sq ft self storage centre on the site.

In June the Group acquired 66 Hammersmith Road, West Kensington, in London for £26 million. This is a strategic acquisition adjacent to the Olympia conference centre, a short distance from one of the wealthiest and densest enclaves in London. Subject to planning, the store is currently estimated to open in 2025, and will provide approximately 175,000 sq ft of space, including 7,000 sq ft of SME space.

Planning

The planning system remains complex and a time-consuming process. During the year we were pleased to be granted planning consents for new stores in Slough and Newcastle. Seven of the 12 stores in our development pipeline now have planning consent, with the balance at various stages of planning.

Chairman's Statement (continued)

Development pipeline

Big Yellow now has a pipeline comprising 12 development sites with a cost to complete of approximately £190 million, which will be phased over the next five years as we build out stores. As a result of the well-documented supply chain, Covid-related issues, and rising energy, labour, and raw materials costs, we are experiencing higher than normal inflation in construction costs. We have reflected this in the projected costing of our pipeline and will continue to keep it under review.

These store openings are expected to add approximately 1.0 million sq ft of storage space to the portfolio, an increase of 16% from the current maximum lettable area of the Group's portfolio. There is also available capacity for growth in the open store portfolio of a further 1.0 million sq ft.

Our current estimate of net operating income at stabilisation, at today's prices, for the 12 store pipeline is approximately £30 million. The total development cost is estimated to be approximately £353 million implying an 8.5% net operating income return on cost.

Capital Structure

The Group's interest cover for the period (expressed as the ratio of cash generated from operations pre-interest against interest paid pre working capital movements) was 10.5 times (2021: 9.8 times). This is comfortably ahead of our internal minimum interest cover requirement of five times.

Net debt is £411.8 million at 31 March 2022, and we have available liquidity of £162.8 million and the business continues to generate positive post-dividend cash flow both of which we will use to fund future growth. The average cost of debt on drawn facilities is now 3.1% and the marginal cost of RCF bank debt is currently 2.25%.

In addition, the Group has property surplus to its needs which will be sold over the medium term, generating net cash proceeds estimated currently at over £100 million. We were therefore very pleased to announce this morning the exchange of contracts on the sale of our industrial warehouse scheme at Harrow 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 August of this year. At 31 March 2022 the cost to complete the development was £4.5 million.

Dividends

The Group's dividend policy is to distribute a minimum of 80% of full year adjusted earnings per share. The final distribution of PID declared is 21.4 pence per share. This brings the total distribution declared for the year to 42.0 pence per share representing an increase of 24% from 34.0 pence per share last year.

A selection of stores in our development pipeline

North Kingston

Queensbury

Wembley

Newcastle

Our people

The last two years has been very challenging for everyone with significant and continuing uncertainty and against all of that we have managed, not only to remain open for business, but also to improve our operations with many enhancements, continue to expand, and deliver what are excellent results.

This can only be achieved when our colleagues feel valued in a culture which is inclusive with high levels of employee engagement – one of the key planks of our business strategy from day one. I would like to thank all of the team for their continued efforts over the last year.

Board

Michael O'Donnell joined the Board as a Non-Executive Director with effect from 1 September 2021. Michael is a former Managing Director of LGV Capital, a private equity firm, and has significant corporate experience, with a focus on high-growth companies.

Richard Cotton will be stepping down from the Board at the Annual General Meeting in July 2022, after serving his full term as a Non-Executive. I have worked with Richard for nearly thirty years: he advised on the flotations of Edge Properties and in 2000 that of Big Yellow and a short while after his departure from investment banking joined our Board. In that time few days have passed when I have not sought his advice and the best of counsel it has been. Whatever successes this Company has enjoyed it is in good part due to his involvement, for which I thank him.

Outlook

Since our last results, the events in Ukraine have added to macroeconomic uncertainty. We spend considerable time planning for such situations, having successfully navigated two crises since the Global Financial Crisis.

We enjoy over 10 times interest cover from cash flows that may not be immune to adversity but have proven themselves to be resilient for over twenty years.

Our task is not only to defend well, but also to find new advantage and opportunity at times like this, which we are in a position to do given the strength of our capital structure and business model.

Nicholas Vetch
Executive Chairman

23 May 2022

Adjusted profit before tax[1]
£96.8m +30%
£74.6m

Final Dividend
21.4p +26%
17.0p

EPRA earnings per share[1]
52.5p +24%
42.4p

Total Dividend
42.0p +24%
34.0p

[1] See note 33 for glossary of terms