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# BIG YELLOW GROUP PLC

THE BIG YELLOW SELF STORAGE COMPANY

INTERIM 2000

# space for

## INTERIM 2000



HANGER LANE


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# FINANCIAL HIGHLIGHTS

"The strong performance of the stores is, we believe, a reflection of the increasing awareness of the Big Yellow brand, built on the excellence of the Group's customer service, store locations and most importantly, people."

- Annualised revenue £4.1 million (March 2000 – £2.0 million)
- Turnover for the six months £1.74 million (September 1999 – £0.44 million)
- Loss for the period £0.85 million (September 1999 – loss £0.72 million)
- Nineteen stores committed
- 1.1 million sq. ft. of net self storage space when fully built out
- 3,000 customers (March 2000 – 1,700)

"Annualised revenue at the period end stood
months from 31 March this year, and encoura
organic growth. Revenue for the six month
increase on the six month period ending 30

# CHAIRMAN'S STATEMENT

## RESULTS

I am pleased to report that the Group has made good progress both in terms of revenue growth and new store acquisitions since admission to the Alternative Investment Market in May of this year.

Annualised revenue at the period end stood at £4.1 million, a 105% increase in the six months from 31 March this year, and encouragingly all of which has been driven through organic growth. Revenue for the six month period stood at £1.74 million, a 294% increase on the six month period ending 30 September 1999. The Group has incurred a pre-tax loss of £0.85 million in the period (six months ended 30 September 1999 – loss £0.72 million). Annualised central overhead has been held at the pre-flotation level.

Total number of stores opened or in planning and development has now risen to nineteen, which when fully developed out will provide 1.1 million sq. ft. of self storage. We anticipate that the majority of these stores will be opened during 2001.

The Group's customer base at the period end rose to 3,000 from 1,700 at March 2000.

## EXISTING STORES

Without exception, all our stores have performed well in excess of expectations and the first stores developed in 1999 are now maturing with our Richmond store having achieved 90% occupancy in just sixteen months, and Oxford in excess of 80% occupancy in its first twelve months. Our Croydon store has leased up in excess of 3,000 sq. ft. a month since opening to achieve an occupancy level now of close to 50,000 sq. ft., an excellent performance in one of the most competitive towns in the country.

In a demonstration that very high occupancy levels can be achieved at the right store Staples Corner is now consistently trading at close to 100% occupancy. The demand for this store has, as recently announced, led us to commence the process of relocating the store into much larger nearby premises to provide 100,000 sq. ft. of self storage, a substantial increase on the old store's capacity of 43,000 sq. ft. We expect the new store to be operational by April 2001.

Following a fire, caused by vandals, at our Wandsworth store in July of this year the store was closed. However we anticipate it will be reopened in the spring 2001. We very much regret, not withstanding the fact that the majority of our customers were insured, many of them will have lost personal possessions of sentimental and not necessarily monetary value. Ex gratia and totally discretionary payments totalling £35,000 have been made since the half year to Wandsworth customers who have incurred hardship as a result of the fire and that sum has been provided for in these interim results.

The Group is insured against loss of all property and profit and has agreed with its insurers a loss of profit claim in respect of the fire at our Wandsworth store in the sum of £350,000, of which £61,026 has been recognised in the period. The equivalent grossed up annualised revenue of approximately £450,000 has been excluded from the annualised revenue disclosed above.

## NEW STORES

Since Listing in May of this year, the Group has acquired seven new properties at Brighton, Luton, Hounslow, Colchester, Cardiff, Southend and Milton Keynes. This brings us to eleven stores (including Wandsworth) in the planning and development stage and, although the acquisition programme is ahead of schedule, we are now slightly behind on the opening programme. Of the eleven, six are new buildings and in some cases we have experienced delays in the planning process. In addition, on three of the newly acquired stores at Brighton, Hounslow and Cardiff, the properties were acquired with delayed vacant possession.

at £4.1 million, a 105% increase in the six
gingly all of which has been driven through
period stood at £1.74 million, a 294%
September 1999."

The planning issues are now resolving themselves and we will shortly obtain vacant possession at both Hounslow and Cardiff. The result will be an extremely busy 2001.

We have always argued that location was of paramount importance in this industry and we are becoming more convinced in that respect and therefore we will continue to deploy a strategy of acquiring the very best sites, even at the expense of some delay in the opening programme.

We believe that the resultant portfolio will be unmatchable in terms of quality and location.

## MERCHANDISE AND INSURANCE

Merchandise and insurance sales continue to grow as a proportion of storage income, rising from 5.2% in the six months ending 31 March 2000 to 7.1% in this half year. We believe this percentage, and the absolute level of sales for merchandising in particular, will continue to grow aided by the launch of our new website and on line merchandising facility at www.thebigyellow.co.uk. This operation has been set up using existing resources at minimal cost and is operating with little additional overheads. The majority of the marketing will be piggybacked on the core self storage marketing, although we may experiment with some stand alone marketing.

## OUTLOOK

The strong performance of the stores is, we believe, a reflection of the increasing awareness of the Big Yellow brand, built on the excellence of the Group's customer service, store locations and most importantly, people.

On current performance we are optimistic about the prospects for our stores in terms of lease-up rates. For those stores which are at or nearing maturity we have recently imposed an 8% price increase, with no impact on occupancy levels.

The immediate task for the Group is to accelerate the opening programme albeit that that task should be aided by a well established pipeline of new stores.

Finally, we set ourselves a target of acquiring 50 stores by 2003, and whilst the market for well located road side property remains competitive, we are reasonably confident that our goal is achievable.

David White

David White
Chairman
6 November 2000

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

SIX MONTHS ENDED 30 SEPTEMBER 2000

| | Note | **Six months ended 30 September 2000 (Unaudited) £** | Six months ended 30 September 1999 (Unaudited) £ | **Year ended 31 March 2000 (Audited) £** |
|---|---|---|---|---|
| **Turnover** | 2 | **1,740,044** | 441,456 | **1,342,963** |
| Cost of sales | | **(2,021,486)** | (616,456) | **(1,908,861)** |
| **Gross loss** | | **(281,442)** | (175,000) | **(565,898)** |
| Administrative expenses | | **(1,138,307)** | (399,444) | **(1,082,986)** |
| Other operating income | | **61,026** | – | **–** |
| **Operating loss** | | **(1,358,723)** | (574,444) | **(1,648,884)** |
| Interest receivable and similar income | | **698,732** | 32,257 | **304,813** |
| Interest payable and similar charges | 4 | **(185,390)** | (179,837) | **(778,633)** |
| **Loss on ordinary activities before and after taxation for the period/year** | 5 | **(845,381)** | (722,024) | **(2,122,704)** |
| Dividends payable | 6 | **36,750** | (1,750) | **(36,750)** |
| Loss for the period/year | | **(808,631)** | (723,774) | **(2,159,454)** |
| Loss per share | 7 | **(1p)** | (2p) | **(5p)** |
| Diluted loss per share | 7 | **(1p)** | (2p) | **(5p)** |

There are no recognised gains or losses for the period other than as stated above and therefore no separate statement of total recognised gains and losses has been presented.

All items in the profit and loss account relate to continuing operations.

# CONSOLIDATED BALANCE SHEET

30 SEPTEMBER 2000

| | 30 September 2000 (Unaudited) £ | 30 September 1999 (Unaudited) £ | 31 March 2000 (Audited) £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | **1,771,978** | 1,868,973 | **1,820,474** |
| Tangible assets | **29,634,524** | 10,251,152 | **17,294,810** |
| | **31,406,502** | 12,120,125 | **19,115,284** |
| **Current assets** | | | |
| Stocks | **85,018** | 16,623 | **31,714** |
| Debtors | **1,257,608** | 641,069 | **1,096,409** |
| Cash at bank and in hand | **22,887,419** | 11,758,122 | **4,528,840** |
| | **24,230,045** | 12,415,814 | **5,656,963** |
| **Creditors: amounts falling due within one year** | **(2,898,548)** | (8,106,522) | **(9,784,510)** |
| **Net current assets/(liabilities)** | **21,331,497** | 4,309,292 | **(4,127,547)** |
| **Total assets less current liabilities** | **52,737,999** | 16,429,417 | **14,987,737** |
| **Creditors: amounts falling due after more than one year** | **–** | (4,000,000) | **(4,000,000)** |
| | **52,737,999** | 12,429,417 | **10,987,737** |
| **Capital and reserves** | | | |
| Called up share capital | **9,648,559** | 5,242,856 | **5,242,856** |
| Share premium account | **46,122,121** | 7,930,821 | **7,924,821** |
| Profit and loss account | **(3,032,681)** | (744,260) | **(2,179,940)** |
| **Shareholders' funds** | **52,737,999** | 12,429,417 | **10,987,737** |
| Equity shareholders' funds | **52,737,999** | 11,429,417 | **9,987,737** |
| Non-equity shareholders' funds | **–** | 1,000,000 | **1,000,000** |
| | **52,737,999** | 12,429,417 | **10,987,737** |

# RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

30 SEPTEMBER 2000

| | Six months ended 30 September 2000 (Unaudited) £ | Six months ended 30 September 1999 (Unaudited) £ | Year ended 31 March 2000 (Audited) £ |
|---|---|---|---|
| Loss for the financial period/year | **(845,381)** | (722,024) | **(2,122,704)** |
| Dividends | **36,750** | (1,750) | **(36,750)** |
| | **(808,631)** | (723,774) | **(2,159,454)** |
| Issue of shares (net of issue costs) | **43,603,003** | 7,773,677 | **7,767,677** |
| Redemption of preference shares | **(1,044,110)** | – | **–** |
| Net addition to shareholders' funds | **41,750,262** | 7,049,903 | **5,608,223** |
| Opening shareholders' funds | **10,987,737** | 5,379,514 | **5,379,514** |
| Closing shareholders' funds | **52,737,999** | 12,429,417 | **10,987,737** |

# CONSOLIDATED CASH FLOW STATEMENT

SIX MONTHS ENDED 30 SEPTEMBER 2000

| | Six months ended 30 September 2000 (Unaudited) £ | Six months ended 30 September 1999 (Unaudited) £ | Year ended 31 March 2000 (Audited) £ |
|---|---|---|---|
| **Cash (outflow)/inflow from operating activities** | **(61,693)** | 360,692 | **(769,163)** |
| **Returns on investments and servicing of finance** | **3,571** | (147,580) | **(43,699)** |
| **Capital expenditure and financial investment** | **(13,294,392)** | (5,841,106) | **(12,038,414)** |
| **Acquisitions** | **–** | (28,024) | **(28,024)** |
| **Cash outflow before financing** | **(13,352,514)** | (5,656,018) | **(12,879,300)** |
| **Financing** | | | |
| Issue of ordinary share capital (net of expenses) | **43,603,003** | 6,773,677 | **6,767,677** |
| Issue of preference share capital | **–** | 1,000,000 | **1,000,000** |
| (Decrease)/increase in debt | **(6,116,000)** | 3,491,000 | **3,491,000** |
| (Repayment)/proceeds of financing transaction | **(4,731,800)** | 4,731,800 | **4,731,800** |
| Redemption of preference share capital | **(1,044,110)** | – | **–** |
| | **31,711,093** | 15,996,477 | **15,990,477** |
| **Increase in cash in the period/year** | **18,358,579** | 10,340,459 | **3,111,177** |

# RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

SIX MONTHS ENDED 30 SEPTEMBER 2000

| | **Six months ended 30 September 2000 (Unaudited) £** | Six months ended 30 September 1999 (Unaudited) £ | **Year ended 31 March 2000 (Audited) £** |
|---|---|---|---|
| Increase in cash in the period/year | **18,358,579** | 10,340,459 | **3,111,177** |
| Cash outflow/(inflow) from decrease/(increase) in debt financing | **10,847,800** | (8,222,800) | **(8,222,800)** |
| Change in net funds/(debt) resulting from cash flows | **29,206,379** | 2,117,659 | **(5,111,623)** |
| **Movement in net funds/(debt) in the period/year** | **29,206,379** | 2,117,659 | **(5,111,623)** |
| Net debt at start of period/year | **(6,318,960)** | (1,207,337) | **(1,207,337)** |
| Net funds/(debt) at end of period/year | **22,887,419** | 910,322 | **(6,318,960)** |

# RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

SIX MONTHS ENDED 30 SEPTEMBER 2000

| | **Six months ended 30 September 2000 (Unaudited) £** | Six months ended 30 September 1999 (Unaudited) £ | **Year ended 31 March 2000 (Audited) £** |
|---|---|---|---|
| Operating loss | **(1,358,723)** | (574,444) | **(1,648,884)** |
| Depreciation | **388,051** | 104,869 | **308,915** |
| Amortisation of goodwill | **48,496** | 47,913 | **96,411** |
| Increase in stock | **(53,304)** | (14,490) | **(29,581)** |
| Decrease/(increase) in debtors | **127,805** | (195,802) | **(643,585)** |
| Increase in creditors | **785,982** | 992,646 | **1,147,561** |
| Net cash flow from operating activities | **(61,693)** | 360,692 | **(769,163)** |

# NOTES TO THE INTERIM REPORT

SIX MONTHS ENDED 30 SEPTEMBER 2000

## 1. ACCOUNTING POLICIES

Basis of preparation

The interim information for the six months ended 30 September 2000 and 30 September 1999 is unaudited and does not comprise statutory accounts. The comparative figures for the year ended 31 March 2000 are not statutory accounts but are extracted from the audited statutory accounts. The statutory accounts for the year ended 31 March 2000 have been filed with the Registrar of Companies. They received an unqualified audit report which did not contain a statement under Section 237(2) or 237(5) of the Companies Act 1985. This interim report should be read in conjunction with the statutory accounts for the year ended 31 March 2000. The interim figures have been prepared on the same basis and applying the same accounting policies as in prior years, except as stated in note 3.

## 2. SEGMENTAL INFORMATION

Turnover represents amounts derived from the provision of services which fall within the group's ordinary activities after deduction of trade discounts and value added tax. The group's net assets, turnover and loss before tax, all of which arises in the United Kingdom, are attributable to one activity, the provision of self storage space.

## 3. DEPRECIATION

In the accounts for the year ended 31 March 2000 depreciation of £308,915 was charged to administrative expenses. In the current period depreciation of £363,741 relating to the Group's stores has been charged to cost of sales (six months ended 30 September 1999 - £98,538). In order to ensure consistency with this presentation, depreciation of £285,603 has been reclassified to cost of sales for the year ended 31 March 2000.

## 4. INTEREST PAYABLE AND SIMILAR CHARGES

| | **Six months ended 30 September 2000** | Six months ended 30 September 1999 | **Year ended 31 March 2000** |
|---|---|---|---|
| Loan stock | 58,133 | – | 307,808 |
| Bank overdraft and other borrowings | 31,098 | 73,262 | 147,613 |
| Option finance fee | 96,159 | 106,575 | 323,212 |
| | 185,390 | 179,837 | 778,633 |

## 5. TAXATION

No liability to corporation tax arises on the group's result for the year due to the availability of tax losses in the group.

## 6. DIVIDENDS

| | **Six months ended 30 September 2000** | Six months ended 30 September 1999 | **Year ended 31 March 2000** |
|---|---|---|---|
| 7.5% preference shares | (36,750) | 1,750 | 36,750 |

An accrual was made as at 31 March 2000 for a dividend of £36,750 payable on the preference shares in issue at that date. On 8 May 2000, the preference shares were redeemed by way of a share buy-back financed from the issue of new ordinary shares for consideration of £1,044,110. The dividend is no longer payable. It has therefore been credited to the profit and loss account for the period.

Dividends have not been paid in respect of the ordinary shares of the Company in any of the periods reported upon and no dividend is proposed.

## 7. LOSS PER ORDINARY SHARE

Loss per ordinary share has been calculated on the retained loss for the period of £808,631 (1999 : £723,774) and on the weighted average number of shares in issue during the period of 87,081,952 (1999 : 41,041,045). There is no dilutive effect from the conversion of share options, loan stock and preference shares.


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