

# Big Yellow Group PLC

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**Results for the year ended 31 March 2006**

**16 May 2006**



# Highlights

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- Revenue increase of 25% in the year
- Strong growth in adjusted pre-tax profits and adjusted EPS
- Operating cash flow continues to improve
- Full year dividend increased by 150% to 5p
- Adjusted net assets per share up significantly to 297.0p
- 37 stores open at 31 March 2006 providing 2.2 million sq ft of self storage space (additional 2 stores opened in April)
- Acquired 10 freehold sites during the year; London (8), Manchester and Liverpool
- 3 freehold sites acquired since the year end – Merton, Bromley and Sheffield and a site to extend our first Big Yellow store at Richmond
- Pipeline of 21 sites to provide an additional 1.4m sq ft at an estimated total cost of £186 million (including 2 opened in April)
- Committed facility with Royal Bank of Scotland, Bank of Ireland and Barclays Bank increased to £225 million from £150 million in March 2006



# Financial Highlights

	<b>4<sup>th</sup> quarter ended 31 March 2006</b>	3 <sup>rd</sup> quarter ended 31 Dec 2005		<b>Year ended 31 March 2006</b>	Year ended 31 March 2005	
Annualised Revenue	<b>£43.4m</b>	£42.5m	<b>+2%</b>	<b>£43.4m</b>	£36.5m	<b>+19%</b>
Revenue	<b>£10.8m</b>	£10.8m		<b>£41.9m</b>	£33.4m	<b>+25%</b>
Profit before tax				<b>£118.5m</b>	£42.8m	<b>+177%</b>
Adjusted profit before tax				<b>£12.6m</b>	£7.8m	<b>+62%</b>
Earnings per share				<b>82.10p</b>	30.15p	<b>+172%</b>
Adjusted earnings per share				<b>8.91p</b>	5.53p	<b>+61%</b>
Dividend - final				<b>3.0p</b>	1.5p	
Dividend - total				<b>5.0p</b>	2.0p	
Adjusted NAV per share				<b>297.0p</b>	191.1p	<b>+55%</b>
Cash flow from operating activities (after financing)				<b>£16.1m</b>	£9.7m	<b>+67%</b>
Occupied Space (sq ft)	<b>1, 672,000</b>	1,642,000	<b>+2%</b>	<b>1,672,000</b>	1,470,000	<b>+14%</b>

# Trading Summary

<b>Years since opening as at 1 April 2005</b>	March 2006 ≥2 years	March 2006 <2 years	<b>March 2006 Total</b>	March 2005 ≥2 years	March 2005 <2 years	March 2005 Total
Number of stores	27	10	<b>37</b>	27	5	32
<b>As at 31 March 2006:</b>						
Total capacity (sq ft)	1,652,000	560,000	<b>2,212,000</b>	1,635,000	277,000	1,912,000
Occupied space (sq ft)	1,403,000	269,000	<b>1,672,000</b>	1,341,000	129,000	1,470,000
Percentage occupied	85%	48%	<b>76%</b>	82%	47%	77%
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Annualised revenue	36,326	7,074	<b>43,400</b>	33,248	3,226	36,474
<b>For the year:</b>						
Average occupancy	85%	40%	<b>73%</b>	80%	36%	74%
Average annual rent psf	£22.56	£20.51	<b>£22.46</b>	£20.61	£19.60	£20.43
Self storage sales	31,674	4,594	<b>36,268</b>	26,960	1,955	28,915
Other storage related income	4,395	841	<b>5,236</b>	3,795	355	4,150
Development/tenant income	201	184	<b>385</b>	310	0	310
Total Revenue	36,270	5,619	<b>41,889</b>	31,065	2,310	33,375
Direct store operating costs	(11,564)	(2,887)	<b>(14,451)</b>	(10,494)	(1,350)	(11,844)
Leasehold rent	(2,206)	-	<b>(2,206)</b>	(2,166)	-	(2,166)
Store EBITDA	22,500	2,732	<b>25,232</b>	18,405	960	19,365
EBITDA Margin	62%	49%	<b>60%</b>	59%	41%	58%
Central overhead	(2,174)	(570)	<b>(2,744)</b>	(1,880)	(240)	(2,120)
Store Net Operating Income	20,326	2,162	<b>22,488</b>	16,525	720	17,245
NOI Margin	56%	38%	<b>54%</b>	53%	31%	52%



# Capex Summary

	March 2006 ≥ 2 years	March 2006 < 2 years	<b>March 2006 Total</b>
No of Stores	27	10	<b>37</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
To 31 March 2006	120.1	59.0	<b>179.1</b>
To complete	-	2.6	<b>2.6</b>
Total Cost	120.1	61.6	<b>181.7</b>
Freehold	99.3	61.6	160.9
Leasehold (9 stores)	20.8	-	20.8
	120.1	61.6	181.7



# Store Trading Performance

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- 37 stores (2005: 32) trading at year end. Total capacity 2.2 million sq ft (2005: 1.9 million sq ft)
- Occupancy in year up 202,000 sq ft (2005: 202,000 sq ft) to 1.67 million sq ft, 76%
- 27 stores open more than 2 years at beginning of year:
  - 85% occupied – held steady over winter
  - Same store revenue up 17%; 11% yield improvement
  - Freehold EBITDA of 69% and leaseholds 50%
- Packing materials, insurance and other sales were £5.2 million in the year (2005: £4.1 million) up 27%
- Net annual storage revenue of £22.46 per sq ft (2005: £20.43)



# REITs

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- March announcement positive
- Schedule A
- 90% distribution
- Non qualifying trading activity
- Conversion charge
- Gearing
- 10% holdings
- Conversion date

# Property Valuation

<b>As at 31 March 2006</b>	<b>Net Book Value £m</b>	<b>Valuation £m</b>	<b>Revaluation Uplift £m</b>
Freehold Trading Stores	152.0	349.4	197.4
Leasehold Trading Stores	18.3	61.1	42.8
	170.3	410.5	240.2
Development Sites	58.0	58.0	-
Property held for sale	6.3	6.3	-
<b>Total</b>	<b>234.6</b>	<b>474.8</b>	<b>240.2</b>



# Property Valuation

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## Freehold

- 10 year DCF assuming notional sale at year ten
- Cap yield of year one NOI @ 6.01% (Mar 2005: 7.26%), rising to 7.49% (Mar 2005: 8.83%) in year after final stabilisation
- Weighted average occupancy 85.98% (Mar 2005: 85.64%) at maturity

## Leasehold

- No sale of assets at year 10; DCF to lease expiry
- Average unexpired term, 19.8 years (2005: 20.8 years)

## Valuation Uplift in Year

- 30% on same store portfolio, 16% capital growth and 14% operational performance



# Adjusted Net Assets Per Share

	<b>As at 31 March 2006 £'000</b>	<b>As at 31 March 2005 £'000</b>
Basic net asset value	244.3	159.2
Exercise of share options	5.8	7.3
Diluted net asset value	250.1	166.5
Adjustments:		
Deferred tax on revaluation surpluses	72.1	40.2
Deferred tax on fair value of interest rate swaps	-	-
Adjusted net asset value	322.2	206.7
Diluted net assets per share (pence)	230.5	154.0
Adjusted net assets per share (pence)	297.0	191.1
Diluted shares used for calculation (million)	108.5	108.1

# Property Review

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- 10 sites acquired for development in year, 8 in London
  - Twickenham, Balham, Kennington, Ealing, Sutton, Bow (South), Barking (Central), Richmond (2<sup>nd</sup> store)
  - Manchester, Liverpool
- 4 in April – Merton, Bromley, Richmond, Sheffield
- 3 year £186 million development programme 21 sites, 1.35 million net lettable space
- 61% stores and sites within M25
- More than 80% freehold
- Planning – 7 consents on the 21 sites (11 acquired since December)
- Fulham – 139,000 sq ft store

# Big Yellow Stores



# Big Yellow Stores



## Store Locations (London)



Stores in **Red** are currently in planning or under development (May 06)

# Funding Strategy

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- Capex Funding
  - Equity
  - Debt
  - Free Cashflow
- Bank Facilities
  - Current Facilities
    - RBS / Bank of Ireland / Barclays £225m
    - Morgan Stanley £16m
    - Net Debt £141m
  - Interest Cover
    - Currently
    - Covenant
    - LTV on drawdown only
- Future Funding



# Market Share Analysis

	<b>N° of Stores</b>	<b>Average Size (sq ft)</b>	<b>Self Storage (sq ft)</b>	<b>Revenue (£m)</b>
SSA Membership (144)	400	35,000	13.8m	£234m
Less 27% < 20,000 sq ft	107	17,500	1.9 m	£32m
Stores > 20,000 sq ft	290	41,500	11.9m	£202m
Big Yellow @ 31 March	37	60,000	2.2m	£42m
Big Yellow Market share	13%		19%	21%

All figures exclude non SSA members

Note: Extrapolated from Mintel / SSA Survey Data

# Conclusion

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- Management
- Current Trading
- Outlook

# Appendix

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# History

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- Early 1998 - market research commenced
- October 1998 - Formed Cubic Self Storage
- January 1999 - Acquisition of Big Yellow Self Storage Company
- September 1999 - Pramerica investment
- May 2000 - AIM listing
- May 2001 - Placing and Open Offer
- June 2002 - Full listing
- February 2005 – Placing of Pramerica stake

# Self-Storage Market

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- The Market
  - US market
    - 40,000 self-storage centres
    - 1.5 billion sq ft – 5 sq ft per person
    - Occupancy range of 82-89% since 1990
    - Population 300 million (approximately)
  - UK market
    - Circa 400 self-storage centres
    - 15 million sq ft – 0.3 sq ft per person
    - Latest member survey indicates current occupancy on whole market at 75%, with a mature store typically > 80%
    - Population 60 million (approximately)

# Self-Storage Market

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- Key influencers
  - Public awareness – low, new growing market
  - Population mobility and density
  - Physical planning and constraints, smaller homes
  - Focus on high density development on brownfield sites
  - Rising disposable incomes with GDP growth
  - Growth in housing demand, divorce, single parent families, single living
  - Small business formation requiring flexible, economic space



# UK Market Potential

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- Awareness of self-storage
  - Currently 15-20% in London
  - Much lower <5% in other major cities
- Significant advertising and promotion raising awareness
- Strong brands, roadside visibility also raising awareness
- New customers being created as market grows, e.g. lifestyle, de-cluttering
- 25% US penetration would imply the potential for 1500-1800 centres and approximately 1 sq ft per person
- Projected growth of 10%



# Big Yellow Model

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- Develop Premium Brand
  - attractive modern premises
    - prominent main road frontages
    - high quality fit out
  - broad client base - B2B and B2C
  - ancillary packing materials and insurance sales
- Customer Focus
  - customer service/loyalty
  - safe/secure
  - easy access 24 hours per day
- Financial Model
  - economies of scale
  - roll-out programme
  - asset backed



# Operations

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- A Maturing Store Profile
  - Yield Management
  - Changing Room Sizes
  - Managing P&Ls at Store Level
- Price Increases
- Store Standards and Consistency
  - Operations Structure
  - Recruitment and Training
  - Measurement and Reward
- Centralised Operating System

# Sales and Marketing

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- Store Promotions
  - Winter
  - Summer
- Marketing
  - 4% of turnover
  - Summer TV and Radio Campaign
- Customers
  - Business v Domestic
  - Profile – age, gender
  - How did they hear about us?
  - Average Length of Stay



# Customer Average Length of Stay

As at 31 March 2006		Stores (N° of Months)				Portfolio
		< 1 Year	1-2 Years	2-5 Years	>5 Years	
<b>N° of Stores</b>		<b>4</b>	<b>3</b>	<b>18</b>	<b>12</b>	<b>37</b>
<b>Domestic</b>	Existing	3.8	5.9	10.9	15.3	<b>11.9</b>
	Vacated	2.4	3.5	4.9	6.2	<b>5.4</b>
	<b>Total</b>	<b>3.2</b>	<b>4.4</b>	<b>6.3</b>	<b>7.9</b>	<b>6.9</b>
<b>Business</b>	Existing	3.5	6.8	12.2	16.8	<b>13.8</b>
	Vacated	2.8	3.6	6.2	8.6	<b>7.4</b>
	<b>Total</b>	<b>3.3</b>	<b>5.7</b>	<b>9</b>	<b>11.9</b>	<b>10.2</b>
<b>All</b>	Existing	3.8	6.0	11.2	15.7	<b>12.3</b>
	Vacated	2.4	3.5	5.0	6.4	<b>5.6</b>
	<b>Total</b>	<b>3.2</b>	<b>4.5</b>	<b>6.7</b>	<b>8.4</b>	<b>7.3</b>



# Disclaimer

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