

# Big Yellow Group PLC

Results for the Year ended 31 March 2018



# Proven Model

## Attractive Market Dynamics

- UK self storage penetration in key urban conurbations remains relatively low
- Limited new supply coming onto the market
- Resilient through the downturn
- Sector growth is positive, with increasing domestic demand

## Our Competitive Advantage

- UK industry's most recognised brand
- Prominent stores on arterial or main roads, with extensive frontage & high visibility
- Largest share of web traffic from mobile and desktop platforms
- Strong customer satisfaction and NPS scores reflecting excellent customer service
- 5.6m sq ft UK footprint (Big Yellow and Armadillo combined)
- Primarily freehold estate, concentrated in London and South East and other large metropolitan cities
- Larger average store capacity – economies of scale, higher operating margins
- Secure financing structure with strong balance sheet

## Evergreen Income Streams

- 55,000 customers from diverse base – individuals, SMEs and National Accounts
- Average length of stay for existing customers of 26 months
- 30% of customers in portfolio greater than 2 year length of stay
- Low bad debt expense (0.2% of revenue in the year)

## Strong Growth Opportunities

- Opportunities to drive further occupancy growth
- Yield management as occupancy increases
- Densification of living and scarcity of flexible business space drives demand
- Growth in National Accounts and business customer base
- Increasing the platform financed from internal resources
- Growth in our Armadillo joint venture platform

## Conversion Into Quality Returns

- Freehold assets for high operating margins and operational advantage
- Low technology and obsolescence product, maintenance capex fully expensed
- Annual compound adjusted eps growth of 16% since 2004/05 (IFRS adoption year)
- Annual compound cash flow growth of 16% since 2004/05
- Dividend payout ratio of 80% of adjusted eps



# Key Metrics

|  | 2018                  | 2017           |         |
|--|-----------------------|----------------|---------|
| Closing Like-for-Like Occupancy                                  | <b>81.9%</b>          | 78.0%          | 3.9ppts |
| Average Achieved Net Rent Per Sq Ft                              | <b>£26.37</b>         | £26.16         | 1%      |
| Revenue  | <b>£116.7 million</b> | £109.1 million | 7%      |
| Like-For-Like Revenue  | <b>£114.7 million</b> | £107.3 million | 7%      |
| Cash Flow From Operating Activities<br>(After Net Finance Costs) | <b>£63.0 million</b>  | £56.0 million  | 13%     |
| Adjusted Profit Before Tax                                       | <b>£61.4 million</b>  | £54.6 million  | 12%     |
| EPRA Diluted Earnings Per Share                                  | <b>38.5 pence</b>     | 34.5 pence     | 12%     |
| Final Dividend Per Share   | <b>15.5 pence</b>     | 14.1 pence     | 10%     |
| Full Year Dividend Per Share                                     | <b>30.8 pence</b>     | 27.6 pence     | 12%     |



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# Highlights

- Strong occupancy performance driving 7% revenue growth
- Closing net rent up 2.7% from 31 March 2017, average rate up 0.8% year on year and up 1.5% in the second half
- Cash flow from operating activities (after finance costs) increased by 13% to £63.0 million
- Acquisition of new development sites in Wapping (London), Uxbridge (London), Hove, Bracknell and Slough taking pipeline to approximately 640,000 sq ft (14% of current MLA)
- Planning consent obtained at Manchester for a landmark city centre store of 60,000 sq ft
- Planning consent obtained at Camberwell, London for a 72,000 sq ft store
- Refinancing extending the term of the Group's debt and reducing the average cost





# FINANCIAL REVIEW

# Portfolio Summary

- Like-for-Like closing occupancy 81.9%, an increase of 3.9 pts
- Occupancy growth of 179,000 sq ft for the year (2017: 112,000 sq ft)
- Closing net rent up 2.7% from 31 March 2017, average rate up 0.8% year on year and up 1.5% in the second half
- Like-for-like revenue up 7% on the year
- Store operating expenses up £1.4 million (5%)
- Store EBITDA margin 69.3% (2017: 68.5%)



# Portfolio Summary – Big Yellow Stores

|                               | March<br>2018<br>Mature<br>>6 years | March<br>2018<br>Established<br>3-6 years | March<br>2018<br>Developing<br><3 years | <b>March<br/>2018<br/>Total</b> | March<br>2017<br>Mature<br>>6 years | March<br>2017<br>Established<br>3-6 years | March<br>2017<br>Developing<br><3 years | <b>March<br/>2017<br/>Total</b> |
|-------------------------------|-------------------------------------|---|---|---------------------------------|-------------------------------------|---|---|---------------------------------|
| Store Age at 1 April 2017     |                                     |   |   |                                 |                                     |   |   |                                 |
| <b>Number Of Stores</b>       | 67                                  | 4   | 3                                       | 74                              | 67                                  | 4   | 2                                       | 73                              |
| <b>At 31 March:</b>           |                                     |   |   |                                 |                                     |   |   |                                 |
| Total Capacity (Sq Ft)        | 4,157,000                           | 271,000                                   | 178,000                                 | 4,606,000                       | 4,157,000                           | 271,000                                   | 123,000                                 | 4,551,000                       |
| Occupied Space (Sq Ft)        | 3,417,000                           | 223,000                                   | 90,000                                  | 3,730,000                       | 3,271,000                           | 213,000                                   | 67,000                                  | 3,551,000                       |
| Percentage Occupied           | 82.2%                               | 82.3%                                     | 50.6%                                   | 81.0%                           | 78.7%                               | 78.6%                                     | 54.5%                                   | 78.0%                           |
| Net Rent Per Sq Ft            | £26.96                              | £26.08                                    | £19.88                                  | £26.74                          | £26.16                              | £25.29                                    | £18.63                                  | £26.03                          |
| <b>For the year:</b>          |                                     |   |   |                                 |                                     |   |   |                                 |
| REVPAF                        | £25.55                              | £24.71                                    | £14.51                                  | £25.19                          | £24.11                              | £22.47                                    | £9.45                                   | £23.62                          |
| Average Annual Net Rent psf   | £26.55                              | £26.00                                    | £19.59                                  | £26.37                          | £26.33                              | £25.27                                    | £19.03                                  | £26.16                          |
|                               | <b>£000</b>                         | <b>£000</b>                               | <b>£000</b>                             | <b>£000</b>                     | <b>£000</b>                         | <b>£000</b>                               | <b>£000</b>                             | <b>£000</b>                     |
| Total Store Revenue           | 106,173                             | 6,696                                     | 1,866                                   | 114,735                         | 100,063                             | 6,089                                     | 1,163                                   | 107,315                         |
| Direct Store Operating Costs  | (30,451)                            | (1,948)                                   | (760)                                   | (33,159)                        | (29,088)                            | (1,885)                                   | (744)                                   | (31,717)                        |
| Short and Long Leasehold Rent | (2,101)                             | -   | -                                       | (2,101)                         | (2,126)                             | -   | -                                       | (2,126)                         |
| Store EBITDA                  | 73,621                              | 4,748                                     | 1,106                                   | 79,475                          | 68,849                              | 4,204                                     | 419                                     | 73,472                          |
| Store EBITDA Margin           | 69.3%                               | 70.9%                                     | 59.3%                                   | 69.3%                           | 68.8%                               | 69.0%                                     | 36.0%                                   | 68.5%                           |



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# Store Operating Expenses

| <b>Category</b>       | <b>Year Ended<br/>31.03.18<br/>£000</b> | <b>Year Ended<br/>31.03.17<br/>£000</b> | <b>%</b>  | <b>% of store<br/>operating<br/>costs in<br/>year</b> |
|-----------------------|---|---|-----------|---|
| Cost of Sales         | 2,663                                   | 2,391                                   | 11%       | 8%  |
| Staff Costs           | 8,740                                   | 8,572                                   | 2%        | 26%   |
| General & Admin       | 1,187                                   | 1,196                                   | (1%)      | 4%  |
| Utilities             | 1,447                                   | 1,470                                   | (2%)      | 4%  |
| Property Rates        | 10,438                                  | 10,044                                  | 4%        | 31%   |
| Marketing             | 4,656                                   | 4,152                                   | 12%       | 14%   |
| Repairs & Maintenance | 2,595                                   | 2,539                                   | 2%        | 8%  |
| Insurance             | 921                                     | 893                                     | 3%        | 3%  |
| Computer Costs        | 494                                     | 443                                     | 12%       | 1%  |
| Irrecoverable VAT     | 18                                      | 17                                      | 6%        | 0%  |
| <b>Total</b>          | <b>33,159</b>                           | <b>31,717</b>                           | <b>5%</b> |   |

- Cost of sales varies with revenue
- Utilities reduced following investment in LED lighting
- Rates increase partly mitigated by rebates on a couple of stores
- Increased online marketing investment to drive enquiry levels
- Other increases inflationary



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# Consolidated Income Statement

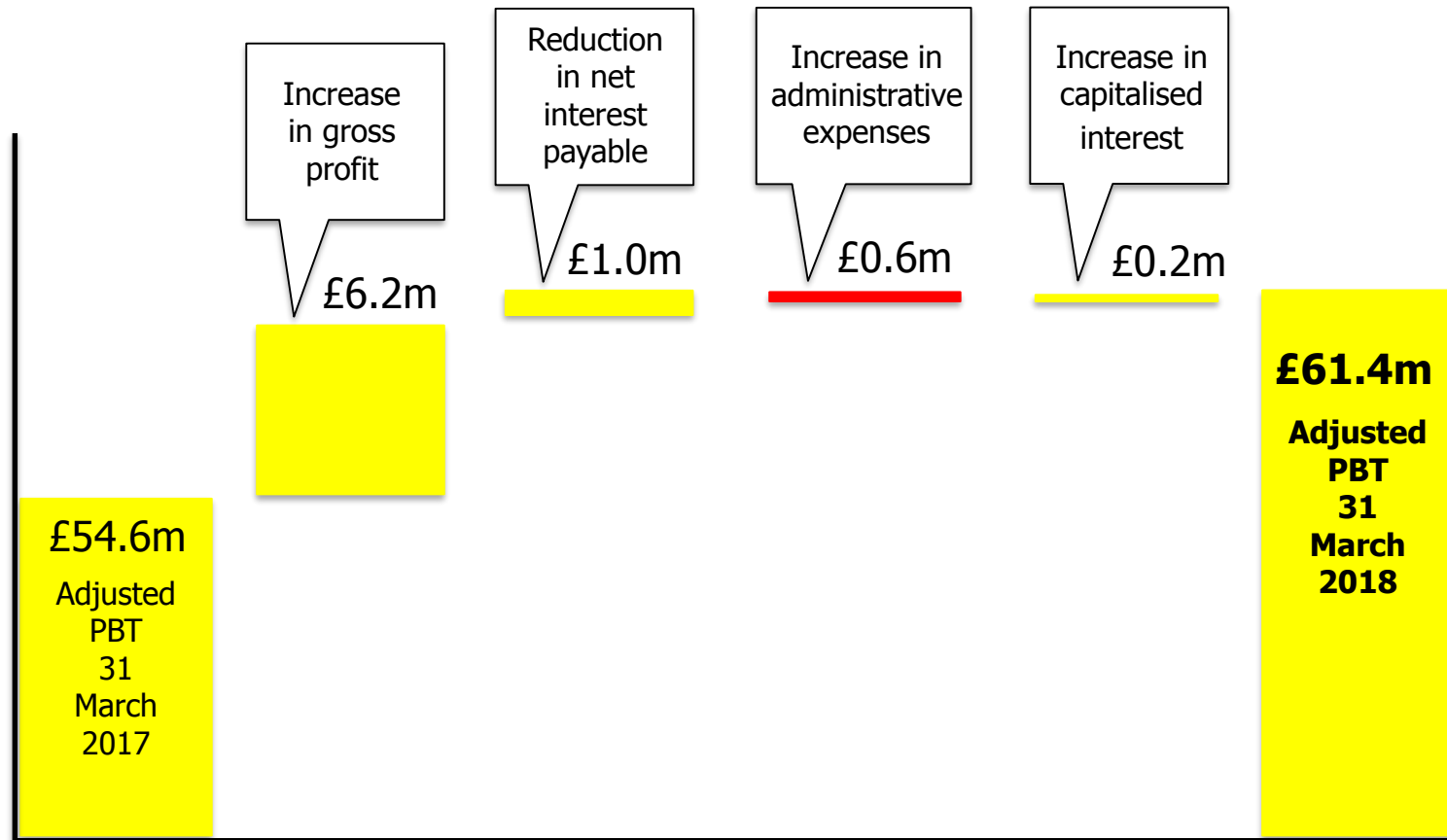
|  | Year Ended |          |
|--|------------|----------|
|  | 31.03.18   | 31.03.17 |
|  | £m         | £m       |
| Revenue                                    | 116.7      | 109.1    |
| Cost Of Sales                              | (35.7)     | (34.1)   |
| Admin Expenses                             | (10.1)     | (9.7)    |
| Underlying Operating Profit                | 70.9       | 65.3     |
| Revaluation Gain                           | 71.6       | 43.7     |
| Gain on part disposal of investment profit | 0.6        | -        |
| Net Finance Costs                          | (10.2)     | (11.4)   |
| Refinancing Costs                          | (1.5)      | -        |
| Fair Value Movement On Derivatives         | 1.3        | 0.7      |
| Share Of Associates' Profit                | 1.4        | 1.5      |
| Profit Before Tax                          | 134.1      | 99.8     |
| Taxation                                   | (0.6)      | (0.3)    |
| Profit For The Year                        | 133.5      | 99.5     |
| Adjusted Profit Before Tax                 | 61.4       | 54.6     |
| Adjusted EPS                               | 38.5p      | 34.5p    |

- Revenue up 7%
- Increased revaluation gain due to growth in cash flow and cap rate improvement
- Small parcel of land sold at Richmond generating profit on disposal
- Refinancing costs relate to write off of arrangement costs of bank facility following refinancing



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# Adjusted PBT Bridge



- Non recurring items and revaluation movements are not included in adjusted profit



# Cash Flow and Net Debt Movement

|  | Year Ended  |             |
|--|-------------|-------------|
|  | 31.03.18    | 31.03.17    |
|  | £m          | £m          |
| Opening Net Debt                             | (298.0)     | (295.0)     |
| Operating Cash Flow                          | 73.5        | 67.2        |
| Interest (Net)                               | (9.7)       | (10.9)      |
| Tax  | (0.8)       | (0.3)       |
| Free Cash Flow                               | <b>63.0</b> | <b>56.0</b> |
| Dividends Paid                               | (46.2)      | (41.2)      |
| Total Capital Expenditure                    | (42.0)      | (20.5)      |
| Sale of Property                             | 0.7         | 0.3         |
| Receipt From Capital Goods Scheme            | 2.8         | 2.9         |
| Payments To Cancel Interest Rate Derivatives | (3.4)       | -           |
| Finance Lease Payments                       | (1.1)       | (1.2)       |
| Issue Of Share Capital                       | 1.0         | 0.3         |
| Investment in Associates                     | (0.9)       | -           |
| Dividends Received From Associates           | 0.4         | 0.4         |
| Closing Net Debt                             | (323.7)     | (298.0)     |

- 13% growth in free cash flow due to growth in EBDAT and reduction in interest
- Capex is principally the acquisition of Wapping, Bracknell and Slough, the construction costs of Guildford Central and Wandsworth extension
- £3.4m to cancel swap on M&G loan. Re-hedged at 0.76% to 2023 (old rate: 2.64% to 2022)



# Capital Structure

|  | <b>31.03.18</b> | <b>31.03.17</b> |
|--|-----------------|-----------------|
| Net Debt / Gross Property Assets       | 25%             | 25%             |
| Net Debt / Adjusted Net Assets         | 31%             | 31%             |
| Pre-Interest Operating Cash Flow Cover | 7.6x            | 6.1x            |

| <b>Debt</b>  | <b>Expiry</b>                 | <b>31 March 2018</b>  |                       | <b>Average Interest Cost</b> |
|--------------|-------------------------------|-----------------------|-----------------------|------------------------------|
|              |                               | <b>Facility</b>       | <b>Drawn</b>          |                              |
| Aviva Loan   | April 2027                    | £87.6 million         | £87.6 million         | 4.9%                         |
| M&G Loan     | June 2023                     | £70 million           | £70 million           | 2.8%                         |
| Bank Loan    | October 2022                  | £210 million          | £173 million          | 1.8%                         |
| <b>Total</b> | <b>Average term 5.5 years</b> | <b>£367.6 million</b> | <b>£330.6 million</b> | <b>2.9%</b>                  |

- The Group's bank loan is provided by Lloyds and HSBC and there is an option to extend it by a further two years
- The Group's average cost of debt for the year was 2.9%



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# Armadillo – Update

- Acquisition of six stores in the year. Exeter, Plymouth and Torquay from Quickstore in April 2017. Stockton South from Store it 4U in December 2017. Gateshead and Newcastle from 1<sup>st</sup> Storage Centres in March 2018.
- Rebranding and investing in stores



- Capital spend of £1.5 million over the last 18 months in Armadillo
  - Fitting out additional space
  - Large space reconfiguration into smaller, higher yielding units
  - Upgrading of stores
- Big Yellow digital platform leads to significant increase in enquiry levels in stores post acquisition, on average double and in some cases up to three times
- Portfolio occupancy peaked at 80% over the summer (average store size 44,000 sq ft) outperforming investor expectations



# Armadillo Portfolio Performance

|                               | <b>2018</b> | <b>2017</b> |
|-------------------------------|-------------|-------------|
| <b>Number Of Stores</b>       | 22          | 16          |
| <b>At 31 March:</b>           |             |             |
| Total Capacity (Sq Ft)        | 963,000     | 738,000     |
| Occupied Space (Sq Ft)        | 712,000     | 551,000     |
| Percentage Occupied           | 73.9%       | 74.7%       |
| Net Rent Per Sq Ft            | £16.97      | £16.51      |
| <b>For the year:</b>          |             |             |
| REVPAF                        | £15.09      | £14.31      |
| Average Annual Net Rent psf   | £16.61      | £16.36      |
|                               | <b>£000</b> | <b>£000</b> |
| Total Store Revenue           | 12,764      | 10,483      |
| Direct Store Operating Costs  | (5,003)     | (4,222)     |
| Short and Long Leasehold Rent | (497)       | (411)       |
| Store EBITDA                  | 7,264       | 5,850       |
| Store EBITDA Margin           | 56.9%       | 55.8%       |



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Archiv  
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# MARKETING AND OPERATIONAL REVIEW

# Marketing and Sales Overview

- Big Yellow brand remains strong. Nearly eight times higher unprompted awareness of nearest competitor across UK (Source: YouGov Survey April 2018)
- 63% of people in London have heard of self storage and know the service. Across the UK this is 58%. (Source: YouGov Survey April 2018)
- Driving sales through digital channels key to our success – 88% of prospects online, 65% of visits from mobile devices
- Complexity and cost of digital sales – an increased barrier to competition
- Highest market share of weekly web visits at 28% to 34% against 35 largest UK operators (Source: Connexity Hitwise UK April 2017 to March 2018)
- Nearly half of the top 100 search terms driving traffic to self storage operator websites feature brands (Connexity Hitwise, 12 weeks w/e 12 May 2018)
- Consumer PR, social media, sponsorship of community projects and charitable activities



# Operations Overview

- Prospects in line with last year – demand segments broadly unchanged but improved conversions saw move ins grow by 3% on last year
- Operational target is to drive occupancy to 90%
- Focus on NPS scores and customer satisfaction – satisfied customers as referrers are a key sales tool – average NPS score of 80 over the year
- Average length of stay of 8.5 months (all customers) and existing customers now 25.7 months, 30% of customers greater than two year length of stay
- SSA survey shows 29 store openings last year, majority in smaller towns we do not operate in
- We estimate five openings in London and three store closures in the year to 31 March 2018



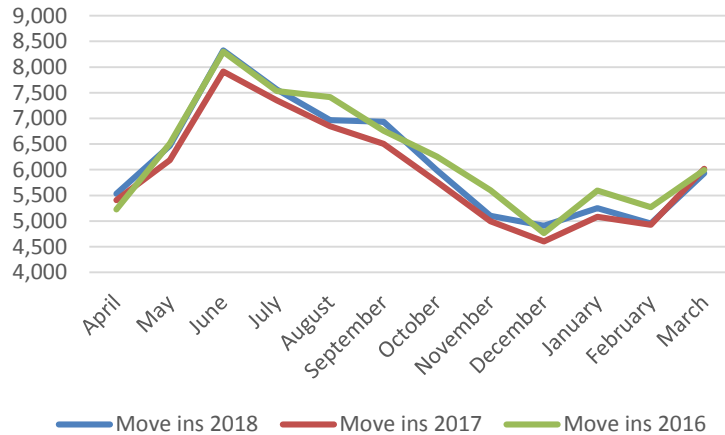
# Local Economy Value of Business Customers

- External business survey commissioned to assess impact of average Big Yellow store on the local economy
- 35% of the Group's space is occupied by business customers
- The average store has over 100 different businesses who between them employ 300 people
- 60% of the businesses are start-ups who have never rented space anywhere else before
- For over half of the businesses this is the only space they rent, for others this complements their other space
- Across Big Yellow over 23,000 jobs are created working for over 7,700 businesses
- Average local GVA generated by Big Yellow's business customers in each store is c. £17 million per annum, or over £1 billion nationally

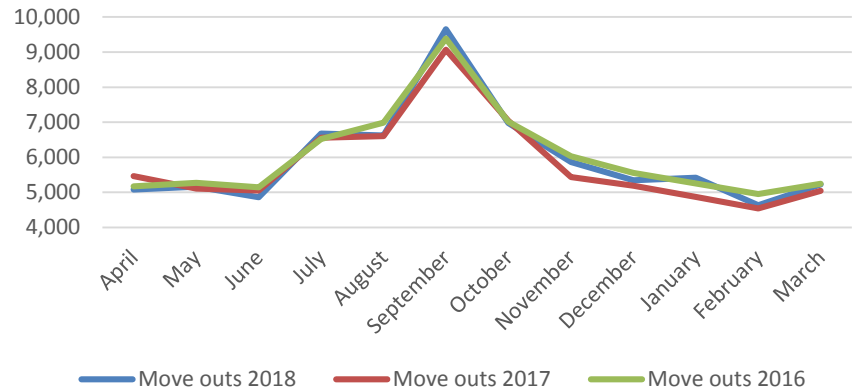


# Monthly Activity Levels

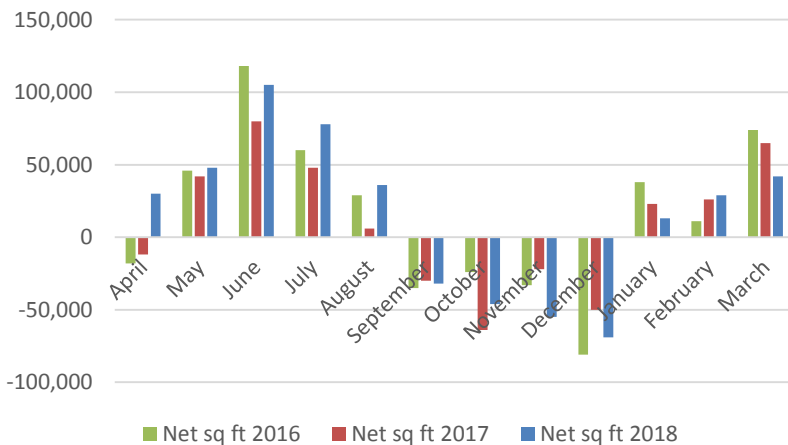
## Monthly move ins



## Monthly move outs



## Monthly changes in occupancy

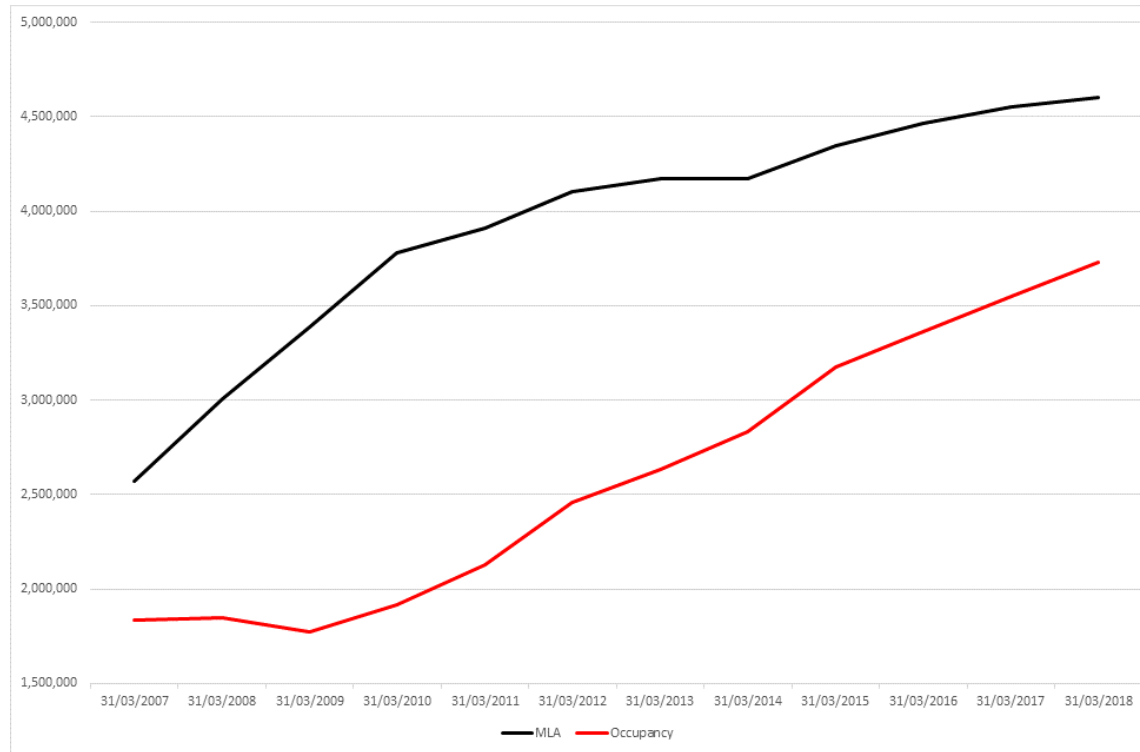


- Prospects for the year broadly in line with last year
- Move ins up 3% on last year
- Move outs increased by 2%
- Growth in move ins driving improved sq ft performance (179,000 sq ft versus 112,000 sq ft in 2017)
- Performance broadly spread between London and the regions



# Consistent Delivery Through The Cycle

MLA and occupancy from March 2007



- 2.0m sq ft increase in MLA capacity and 1.9m increase in occupied sq ft since March 2007
- Revenue for the year has more than doubled from £56.9m (2008) to £116.7m
- More than threefold increase in adjusted EPS from 11.2p (2008) to 38.5p for the year
- Capital expenditure of over £450 million since 1 April 2007



# Rental Growth Analysis

| <b>Average occupancy in the year</b> | <b>Number of stores</b> | <b>Average net rent per sq ft growth over the year</b> |
|--------------------------------------|-------------------------|--|
| 0 to 75%                             | 10                      | 0.8%   |
| 75 to 80%                            | 20                      | 3.2%   |
| 80 to 85%                            | 29                      | 3.5%   |
| Above 85%                            | 14                      | 3.5%   |

- The above analysis is a straight average rather than a weighted average
- Focus remains on driving occupancy with rate a by-product of yield management
- Higher occupancy drives better rental growth as less churn, fewer opening offers and discount promotions with system increasing prices where units are in scarce supply
- For occupancy levels above 85%, we expect to see revenue driven by both occupancy and rate growth





# PROPERTY REVIEW

# New Site Development

- Guildford Central opened March 2018, Wandsworth extension in May 2018
- Portfolio approaching 85% occupancy - increased focus on new development
- Acquisition of prime sites in Wapping (East London), Bracknell, Slough, Hove and Uxbridge
- Development pipeline of approximately 640,000 sq ft with estimated cost to complete of £110 million, total development cost of £187 million with projected net operating income at today's prices of approximately £16.5 million
- Planning consent granted at Manchester for a landmark 60,000 sq ft store, opening in Spring 2019 and at Camberwell for a 72,000 sq ft store, planned opening in Spring 2020
- Retain focus on freehold, current percentage of freehold by value is 97% and keep weighting of London and the South East at over 80% by revenue



# Development Pipeline – London

| Site        | Location  | Status  | Anticipated Capacity             |
|-------------|---|---|----------------------------------|
| Camberwell  | Prominent location on Southampton Way   | Planning consent recently granted. Construction due to start in November 2018, with a view to opening in Spring 2020.   | 72,000 sq ft                     |
| Kings Cross | Prominent location on York Way  | Planning application currently being prepared to be submitted in Summer 2018.   | 115,000 to 120,000 sq ft         |
| Battersea   | Prominent location on junction of Lombard Road and York Road (South Circular) | Potential redevelopment to increase size of existing 34,000 sq ft Big Yellow store. Redevelopment of adjoining retail into a mixed use residential led scheme. Ongoing detailed planning discussions with the Borough Council, with the aim of submitting an application later this year. | Up to an additional 40,000 sq ft |
| Wapping     | Prominent location on The Highway   | Site acquired in May 2017. We are currently converting the vacant units into a 25,000 sq ft self storage centre, and collecting income from the remaining short-let tenancies. The store will open in Summer 2018.  | 50,000 to 75,000 sq ft           |
| Uxbridge    | Prominent location on Oxford Road   | Site acquired in April 2018. Planning application to be submitted in Autumn 2018.   | 55,000 sq ft                     |



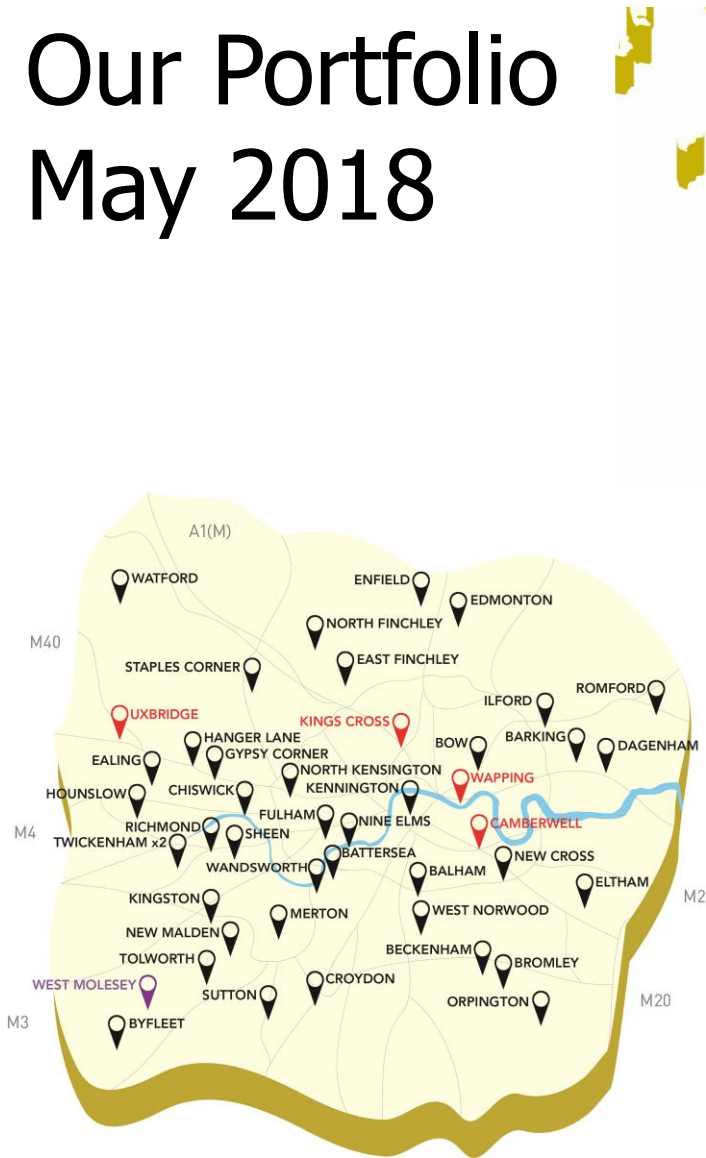
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# Development Pipeline – Outside London

| <b>Site</b> | <b>Location</b>                                    | <b>Status</b>  | <b>Anticipated Capacity</b> |
|-------------|--|--|-----------------------------|
| Manchester  | Prime location on Water Street, central Manchester | Planning consent granted in September 2017. Store construction started in March 2018, with a view to opening in Spring 2019. | 60,000 sq ft                |
| Bracknell   | Prime location on Ellesfield Avenue                | Site acquired in February 2018. Application to be submitted in late Summer to incorporate self storage and other occupiers.  | 60,000 to 65,000 sq ft      |
| Slough      | Prominent location on Bath Road                    | Site acquired in November 2017. Planning application to be submitted in late 2018.   | 50,000 sq ft                |
| Hove        | Prominent location on Old Shoreham Road            | Site acquired in April 2018. Planning application to be submitted in 2019.   | 55,000 to 60,000 sq ft      |
| Newcastle   | Prime location on Scotswood Road                   | Planning application to be submitted in Autumn 2019.   | 60,000 sq ft                |



# Our Portfolio May 2018



## KEY

- >  74 Big Yellow stores (40 in London)
- >  9 New Big Yellow stores under development (4 in London)
- >  22 Armadillo stores (1 in London)



# Strategic Summary

- Focus on driving occupancy (target 90%), revenue and cash flow growth
- Key to achieving this is continued innovation and investment in our brand, digital platforms and store operations
- Supply remains constrained, particularly in London and other large conurbations
- Looking to selectively acquire Big Yellow development sites and existing stores to grow Big Yellow/Armadillo portfolios
- Secure capital structure, high interest cover - business well placed given current uncertainties to execute next phase of growth



# APPENDIX

Additional Financial Information  
Marketing Review  
Operations  
Store Portfolio



# Per Store Analysis

**Year Ended 31 March 2018**

|                                  | <b>67<br/>Mature<br/>Stores</b> | <b>4<br/>Established<br/>Stores</b> | <b>3<br/>Developing<br/>Stores</b> | <b>All<br/>74<br/>Stores</b> |
|----------------------------------|---------------------------------|-------------------------------------|------------------------------------|------------------------------|
| Average Store Capacity           | 62,040                          | 67,750                              | 59,330                             | 62,240                       |
| Average Sq Ft Occupied Per Store | 51,000                          | 55,750                              | 30,000                             | 50,400                       |
| Average % Occupancy              | 82.2%                           | 82.3%                               | 50.6%                              | 81.0%                        |
| Average Revenue Per Store (£000) | 1,585                           | 1,674                               | 622                                | 1,550                        |
| Average EBITDA Per Store (£000)  | 1,099                           | 1,187                               | 369                                | 1,074                        |
| Average EBITDA Margin            | 69.3%                           | 70.9%                               | 59.3%                              | 69.3%                        |

- The margin for the 60 freehold mature stores is 72%, the margin for the 7 leasehold mature stores is 49%
- Our Big Yellow stores are larger than the UK average of approximately 46,000 sq ft
- With our average sq ft occupied, these stores would be 110% occupied



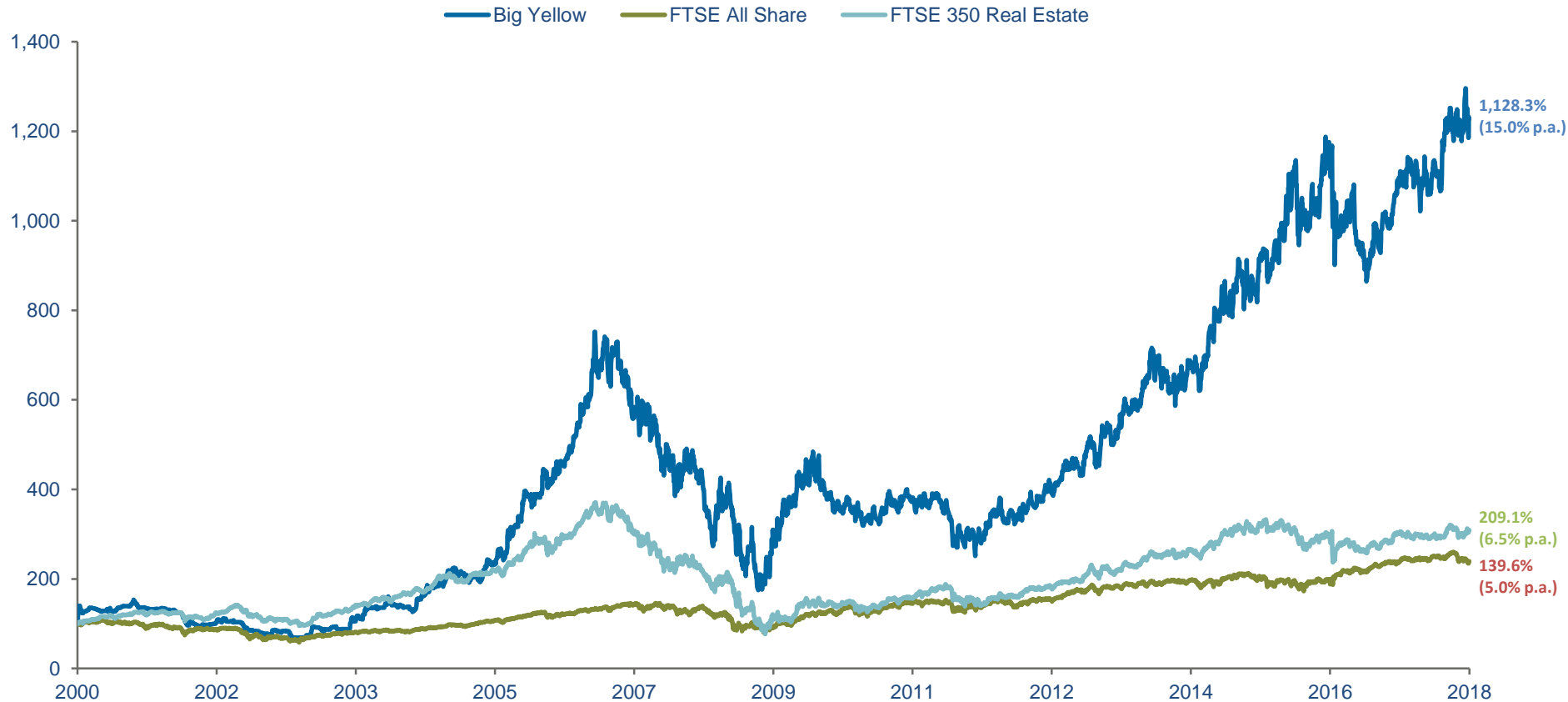
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# Resilient Positioning

- Supportive Trends
  - Growing awareness of self storage
  - Densification of metropolitan living expected to continue
  - Trend towards self-employment and start-ups
  - Mortgage availability and low interest rates
  - Low unemployment and healthy employment levels
- High Barriers to Entry
  - Cost of establishing an online brand without roadside presence
  - Importance of branding to drive demand in self storage
  - Requirement for costly, innovative, and ever changing digital platforms to leverage off brand
  - Competition for land and complexity of planning – limiting growth in new supply
- Robust Business Model
  - 81.9% like-for-like occupancy across portfolio (September 2008: 48 stores open 60% occupied)
  - Portfolio concentrated in London, South East and other metropolitan areas
  - Business model stress-tested during GFC – proved resilient
  - Diversified and large customer base of 55,000
  - Strong capital structure with high cash flow cover



# Big Yellow Relative TSR Performance



Source: Datastream as 31 March 2018



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# Armadillo Self Storage

- A lower frills brand in smaller towns and cities – 20% joint ventures
- Intention to grow portfolio through acquisition of existing stores
- Consolidated into Big Yellow operating platform – improving efficiency and national coverage
- 10 store Armadillo platform acquired in April 2014, an additional 4 stores acquired in January 2015, a further 2 stores acquired in April 2016, a further 3 stores acquired in April 2017, 1 store in December 2017 and a further 2 stores purchased in March 2018
- Platform now comprises 22 stores and 963,000 sq ft
- Five year JV structures with total annual management fees in year ended 31 March 2018 of £1.0 million
- Armadillo annualised dividend yield of 12% on original equity investment. With fees included, return rises to over 35% per annum



# The Importance of the Brand

- Self storage is a consumer facing business for both domestic and small businesses markets
- Done right, brand sits at the heart of a business and drives its performance
- Self storage is an immature market with 70-75% first time users - the interaction at the prospects stage through all brand communications is therefore more critical
- Location is important as are all other touchpoints; digital platform, written and verbal communication, consistency of product and service
- A unknown new operator can achieve a certain level of operational performance as can a gym or hotel, but to drive higher performance with occupancy levels in the 80% - 90% plus, requires a strong brand to drive more market share online and more enquiries
- The brand experience leads to an emotive response from customers – it builds trust, aids conversion, encourages repeat use and recommendation to others
- Nearly half of the top 100 search terms driving traffic to self storage operator websites feature brands (Connexity Hitwise, 12 weeks w/e 12 May 2018)



# Research of Brand and Market Awareness

- YouGov commissioned survey by Big Yellow run annually for the last 11 years
- Monitors our brand awareness
- Statistically robust based on omnibus survey across all adult demographic groups
  - 1,000 sample size London
  - 2,003 sample size for the rest of the UK
- The UK Self Storage Association also commissioned their own YouGov survey in January 2018

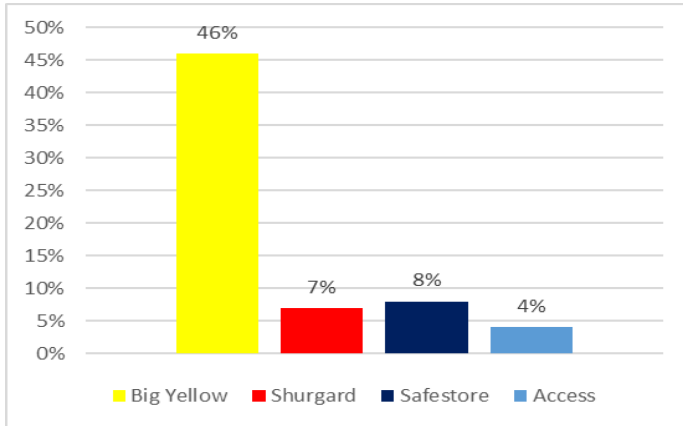
Britain's  
favourite  
self storage  
company



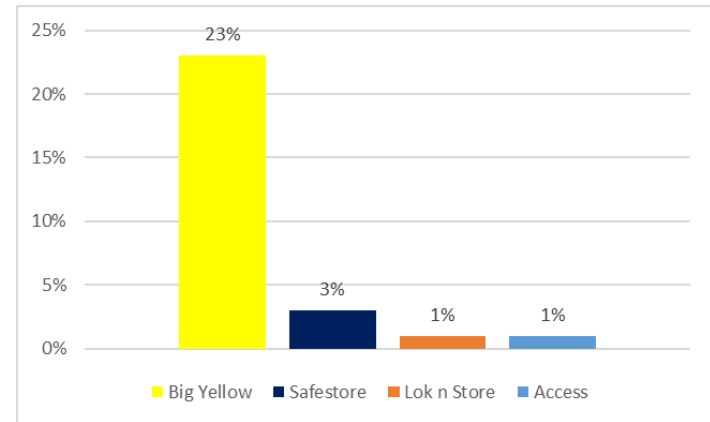
# Unprompted Awareness

“What are the names of any self storage companies you can think of?”

## London

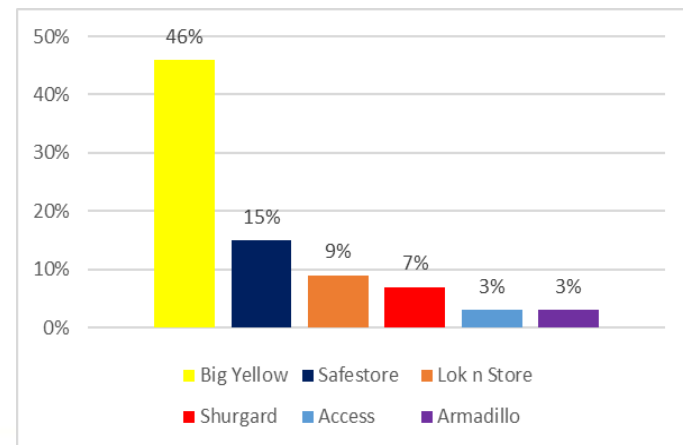
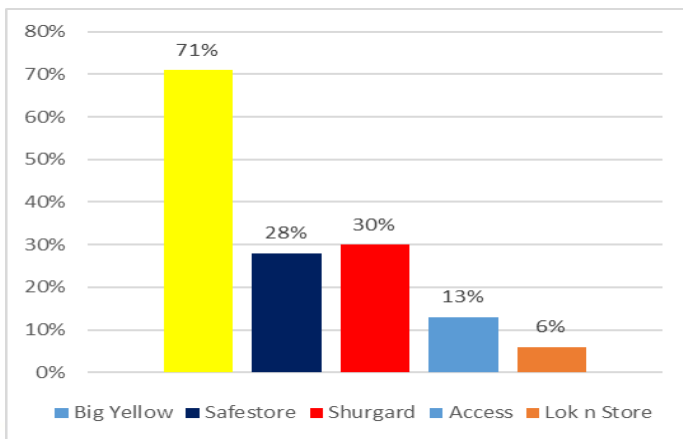


## Rest of the UK excluding NI

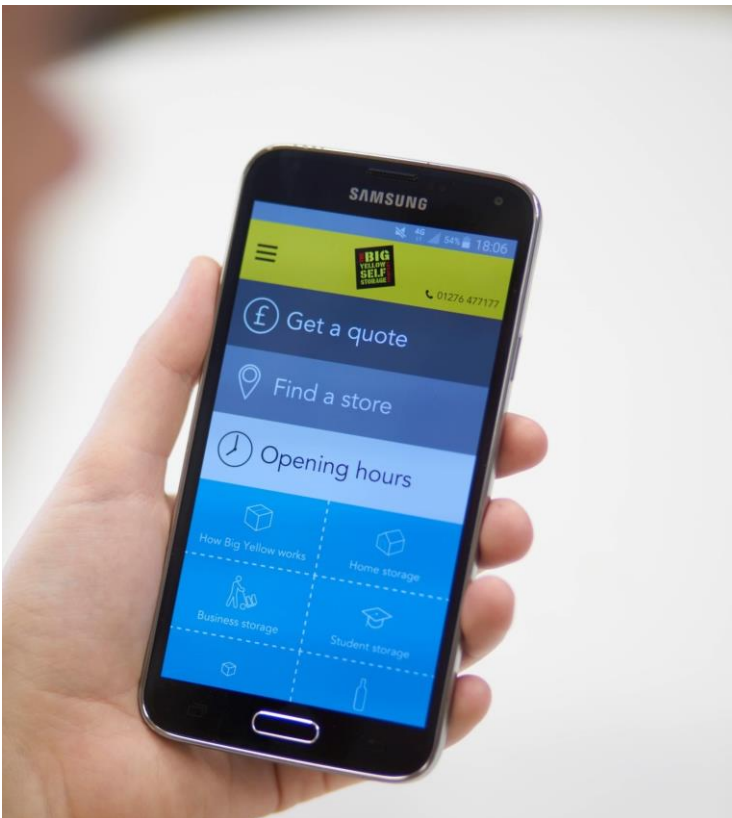


# Prompted Awareness

“Which, if any, of the following self storage companies have you heard of?”



# High Brand Awareness = High Online Market Share



- 88% of our prospects came from our digital platforms in the year with over half from mobile devices
- A significant proportion of these web visits come from people searching for our brand
  - Lower cost of acquisition
  - More likely to convert
- High brand awareness leads to more clicks and web visits when people search for generic terms e.g. "self storage" and recognise the Big Yellow URL
- Highest market share of web visits at 28-34% against 35 largest UK operators  
(Source: Connexity Hitwise UK April 2017 to March 2018)



# The Growth Opportunity

- 15% of those surveyed have previously used or are currently using self storage (source: YouGov Survey April 2018) compared to 12% in 2014
- Only 2% of those surveyed were currently using self storage and 9% were thinking of using self storage in the next year (source: YouGov Survey April 2018)
- Low historic use with 73% of Big Yellow's customers using self storage for the first time
- Increasing customer repeat use and referrals
- Good awareness of self storage increasing from 38% in 2014 to 46% in 2018 across the UK (source: SSA YouGov Survey January 2018)
- Higher levels of awareness in London of 63% up from 58% in 2014 (source: YouGov Survey April 2018)



# Customer Insights



- Wide ranging demographic and customer base; extended families, couples, singles, renters, students, downsizers, business customers, space constrained home and apartment dwellers
- 70% are aged 25-54
- 58% of those using Big Yellow because they are moving, own the property they are moving out of
- 51% of our customers travel to our stores in a private car or van. 15% use a rental car or van and 19% use a removal company\*

\* Big Yellow customer survey 2017 London stores only





# Customer Support Centre

- Just under 120,000 calls answered in the year ended 31 March 2018
- Over 1,000,000 sq ft reserved by the Customer Support Centre
- Customer Support Centre service levels remain high
  - Average mystery shop score of 96% over the year
  - Average net promoter score (“NPS”) of 82



# National Accounts

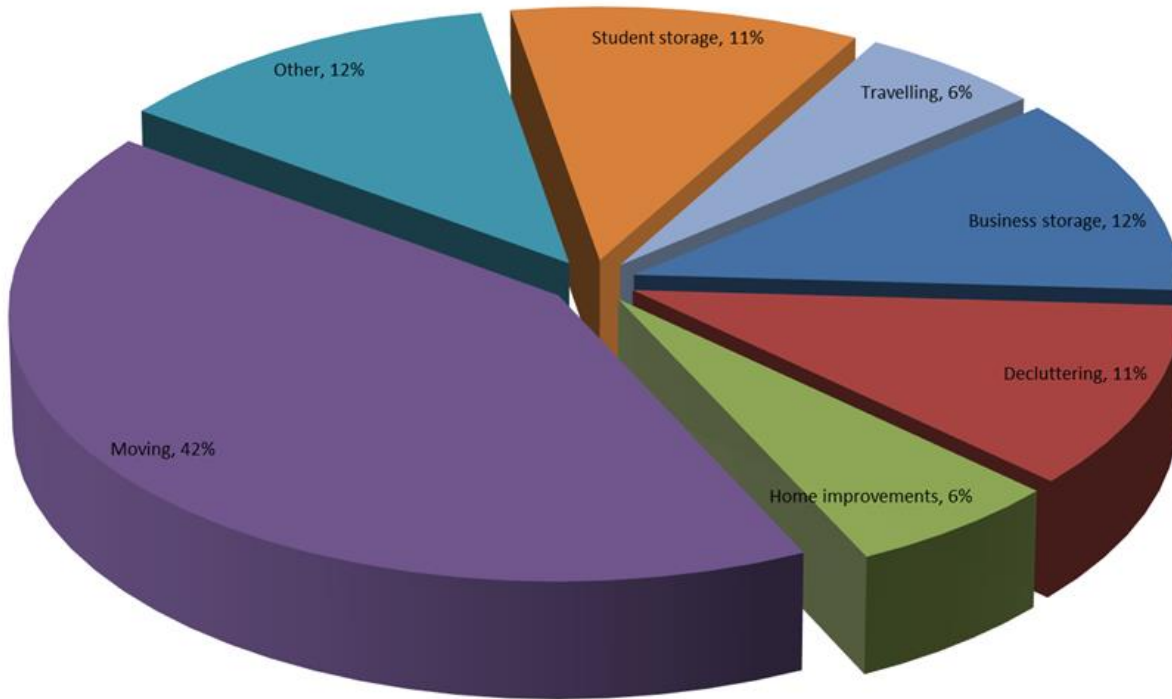


- Businesses can store at multiple locations nationwide through one dedicated point of contact
- Our extended network of third party providers enables customers to have a single self storage supplier relationship
- We provide a range of business services. These include accepting deliveries so customers need not be on site
- Revenue from National Accounts is up 13% compared to the previous year

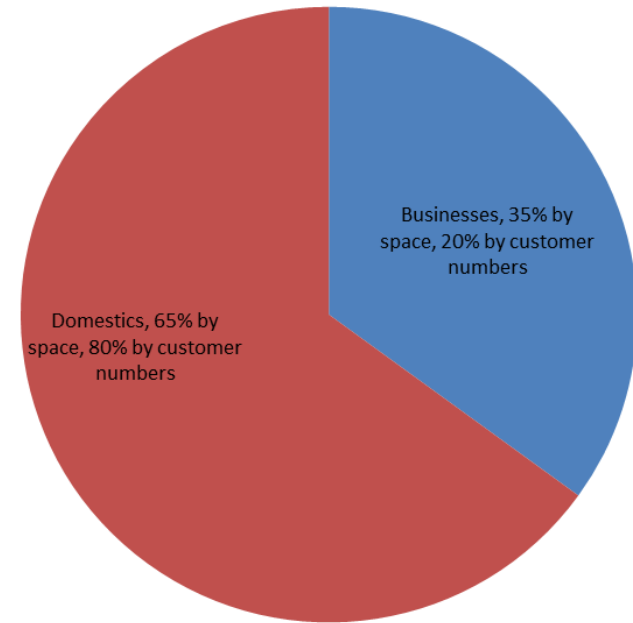


# Reasons For Using Self Storage

Demand Profile of Move-ins only  
April 2017 to March 2018



Overall Occupied Space  
31 March 2018



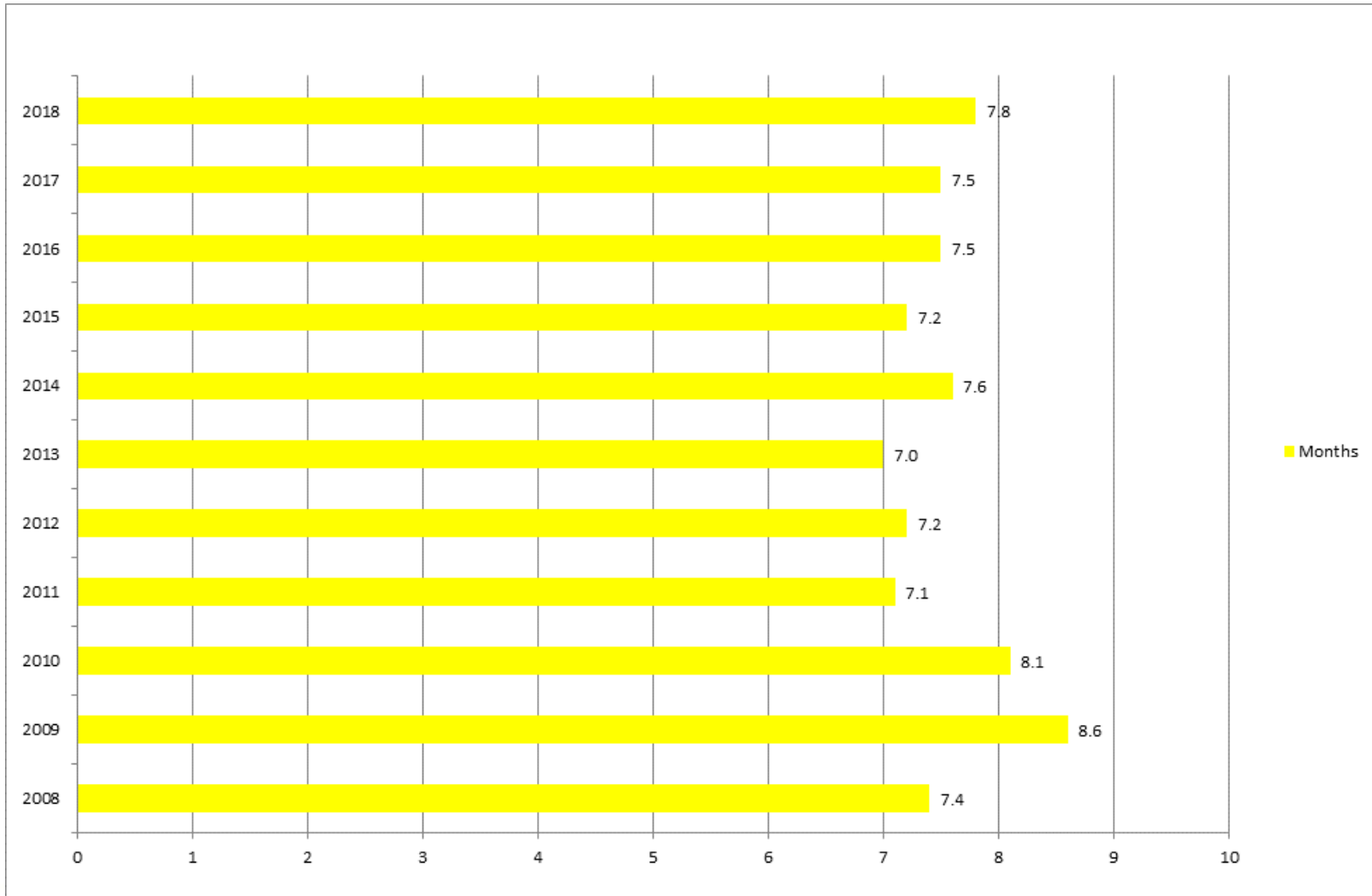
April 2016 to March 2017

|                   |     |
|-------------------|-----|
| Moving            | 43% |
| Business storage  | 12% |
| Other             | 12% |
| Decluttering      | 11% |
| Student storage   | 10% |
| Home improvements | 6%  |
| Travelling        | 6%  |



Get some space in your life.™

# Length of Stay of Customers Vacating in Financial Year



# Customer Average Length of Stay

As at  
31/03/2018

Stores (N° of Months)

|                     |          | 0-3 Years | 3-6 Years | >6 Years  | Portfolio   | 31/03/17  |
|---------------------|----------|-----------|-----------|-----------|-------------|-----------|
| <b>N° of Stores</b> |          | <b>2</b>  | <b>3</b>  | <b>69</b> | <b>74</b>   | <b>73</b> |
| <b>Business</b>     | Existing | 9.8       | 19.9      | 31.3      | <b>30.6</b> | 29.2      |
|                     | Vacated  | 4.2       | 6.6       | 11.3      | <b>11.2</b> | 11.1      |
|                     | Total    | 6.5       | 10.2      | 13.4      | <b>13.4</b> | 13.2      |
| <b>Domestic</b>     | Existing | 7.0       | 15.6      | 25.0      | <b>24.6</b> | 23.2      |
|                     | Vacated  | 3.2       | 4.8       | 6.9       | <b>6.9</b>  | 6.8       |
|                     | Total    | 4.1       | 6.6       | 7.9       | <b>7.9</b>  | 7.8       |
| <b>Student</b>      | Existing | 4.7       | 14.3      | 13.2      | <b>12.9</b> | 13.2      |
|                     | Vacated  | 2.1       | 2.8       | 2.9       | <b>2.9</b>  | 2.9       |
|                     | Total    | 2.3       | 3.2       | 3.1       | <b>3.1</b>  | 3.1       |
| <b>All</b>          | Existing | 7.5       | 16.7      | 26.2      | <b>25.7</b> | 24.3      |
|                     | Vacated  | 3.2       | 5.1       | 7.3       | <b>7.3</b>  | 7.2       |
|                     | Total    | 4.3       | 7.2       | 8.5       | <b>8.5</b>  | 8.4       |



Get some space in your life.™

# Self Storage Market

## Key Influencers

- Growing public awareness
- Change in economic activity and GDP growth
- Population mobility and investment in existing homes
- Physical planning and constraints, smaller homes
- Focus on high density development on brownfield sites
- Housing demand, divorce, single parent families, single living
- Business formation/expansion/e-tailing requiring flexible, convenient space



# Self Storage Market

- US Market (2017 Fedessa/JLL Report)
  - Population 324 million
  - 54,100 self storage centres
  - 3.1 billion sq ft – 9.5 sq ft per person
- Australian Market (2017 Fedessa/JLL Report)
  - Population 24.5 million
  - 1,300 self storage centres
  - 43.6 million sq ft – 1.8 sq ft per person
- UK Market (2018 SSA/Cushman & Wakefield Report)
  - Population 66 million
  - 1,505 self storage centres (including 345 container operators)
  - 44.6 million sq ft – 0.67 sq ft per person
- European Market Excluding UK (2017 Fedessa/JLL Report)
  - Population 424.7 million
  - 1,815 self storage centres
  - 51.3 million sq ft – 0.1 sq ft per person





**Guildford Central, March 2018**  
MLA - 55,000 sq ft



**Twickenham 2, April 2016**  
MLA - 22,000 sq ft



**Nine Elms, April 2016**  
MLA - 65,000 sq ft



**Cambridge, January 2016**  
MLA - 60,000 sq ft



**Enfield, April 2015**  
MLA - 60,000 sq ft



**Chester, February 2015**  
MLA - 69,000 sq ft



**Oxford 2, July 2014**  
MLA - 35,000 sq ft



**Gypsy Corner, April 2014**  
MLA - 70,000 sq ft



**Chiswick, April 2012**  
MLA - 75,000 sq ft



**New Cross, February 2012**  
MLA - 62,000 sq ft



**Stockport, September 2011**  
MLA - 65,000 sq ft



**Eltham, April 2011**  
MLA - 70,000 sq ft



**Camberley, January 2011**  
MLA - 68,000 sq ft



**High Wycombe, June 2010**  
MLA - 60,000 sq ft



**Reading, December 2009**  
MLA - 62,000 sq ft



**Sheffield Bramall Lane, September 2009**  
MLA - 60,000 sq ft



**Poole, August 2009**  
MLA - 55,000 sq ft



**Nottingham, August 2009**  
MLA - 67,000 sq ft



**Edinburgh, July 2009**  
MLA - 63,000 sq ft



**Twickenham, May 2009**  
MLA - 73,000 sq ft



**Liverpool, March 2009**  
MLA - 60,000 sq ft



**Bromley, March 2009**  
MLA - 71,000 sq ft



**Birmingham, February 2009**  
MLA - 60,000 sq ft



**Sheen, December 2008**  
MLA - 64,000 sq ft



**Sheffield Hillsborough, October 2008**  
MLA - 60,000 sq ft



**Kennington, May 2008**  
MLA - 66,000 sq ft



**Merton, March 2008**  
MLA - 70,000 sq ft



**Fulham, March 2008**  
MLA - 139,000 sq ft



**Balham, March 2008**  
MLA - 61,000 sq ft



**Barking, November 2007**  
MLA - 64,000 sq ft



**Ealing Southall, November 2007**  
MLA - 57,000 sq ft



**Sutton, July 2007**  
MLA - 70,000 sq ft



**Gloucester, December 2006**  
MLA - 50,000 sq ft



**Edmonton, October 2006**  
MLA - 75,000 sq ft



**Kingston, August 2006**  
MLA - 62,000 sq ft



**Bristol Ashton Gate, July 2006**  
MLA - 61,000 sq ft



**Finchley East, May 2006**  
MLA - 54,000 sq ft



**Tunbridge Wells, April 2006**  
MLA - 57,000 sq ft



**Bristol Central, March 2006**  
MLA - 64,000 sq ft



**North Kensington, December 2005**  
MLA - 51,000 sq ft



**Leeds, July 2005**  
MLA - 76,000 sq ft



**Beckenham, May 2005**  
MLA - 71,000 sq ft



**Tolworth, November 2004**  
MLA - 56,000 sq ft



**Watford, August 2004**  
MLA - 64,000 sq ft



**Swindon, April 2004**  
MLA - 53,000 sq ft



**Orpington, December 2003**  
MLA - 64,000 sq ft



**Byfleet, November 2003**  
MLA - 48,000 sq ft



**Chelmsford, April 2003**  
MLA - 54,000 sq ft



**Finchley North, March 2003**  
MLA - 62,000 sq ft



**West Norwood, January 2003**  
MLA - 57,000 sq ft



**Colchester, December 2002**  
MLA - 54,000 sq ft



**Bow, November 2002**  
MLA - 132,000 sq ft



**Brighton, October 2002**  
MLA - 59,000 sq ft



**Guildford Slyfield, June 2002**  
MLA - 55,000 sq ft



**New Malden, May 2002**  
MLA - 81,000 sq ft



**Hounslow, December 2001**  
MLA - 54,000 sq ft



**Battersea, December 2001**  
MLA - 34,000 sq ft



**Ilford, November 2001**  
MLA - 58,000 sq ft



**Cardiff, October 2001**  
MLA - 74,000 sq ft



**Portsmouth, October 2001**  
MLA - 61,000 sq ft



**Norwich, September 2001**  
MLA - 47,000 sq ft



**Dagenham, July 2001**  
MLA - 51,000 sq ft



**Wandsworth, April 2001**  
MLA - 47,000 sq ft



**Luton, March 2001**  
MLA - 41,000 sq ft



**Southend, March 2001**  
MLA - 57,000 sq ft



**Staples Corner, March 2001**  
MLA - 112,000 sq ft



**Romford, November 2000**  
MLA - 70,000 sq ft



**Milton Keynes, September 2000**  
MLA - 61,000 sq ft



**Cheltenham, April 2000**  
MLA - 50,000 sq ft



**Slough, February 2000**  
MLA - 67,000 sq ft



**Hanger Lane, October 1999**  
MLA - 66,000 sq ft



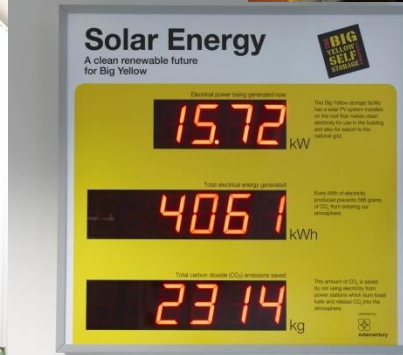
**Oxford, August 1999**  
MLA - 33,000 sq ft



**Croydon, July 1999**  
MLA - 80,000 sq ft



**Richmond, May 1999**  
MLA - 35,000 sq ft



# Disclaimer

This presentation contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking in nature and are subject to risks and uncertainties. Actual future results may differ materially from those expressed in or implied by these statements.

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