

Strategy and Investment Case

Our strategy

Brand, platform, and customer service

Our strategy from the outset has been to develop Big Yellow into the market-leading self storage brand, delivering excellent customer service, investing in sustainability and our market-leading operating platform and digital channels, with a great culture and highly motivated employees. We concentrate on developing our stores in main road locations with high visibility, where our distinctive branding generates high awareness of Big Yellow.

Creating shareholder value

We continue to believe that the medium-term opportunity to create shareholder value consists of driving revenue and cash flow from our existing portfolio through continued investment in sustainability, our people, culture, and digital operating and marketing platforms. In addition, we aim to deliver external growth as new stores open through continued investment in our development pipeline, and selectively acquiring existing storage centres from smaller operators. As a REIT our key financial objective is to produce sustainable returns for shareholders through a relatively low leverage, low volatility, high distribution business. In addition, any successful business must have an effective sustainability strategy, particularly around climate change, and this continues to be a key strategic focus for our business.

Real estate

A key plank of our strategy has been to build a portfolio of large purpose-built freehold self storage centres, focused on London, the South East and other large urban conurbations. We believe that by owning a predominantly freehold estate we are insulating ourselves against: economic downturns as we operate at higher margins; adverse rent reviews; and in the long-term possible redevelopment of key stores by the landlord. It also provides us financing flexibility as rent is a form of gearing.

Approximately 60% of our current annualised store revenue derives from within the M25; for London and the South East, the proportion of current annualised store revenue is 75%. With our store development pipeline and recent store openings largely in London and the South East, we would expect these proportions to increase over the medium term.

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.

Our stores are on average 59,500 sq ft, compared to an industry average of approximately 43,000 sq ft (source: UK Self Storage Association 2026 Annual Survey). The upside from filling our larger than average sized stores is, in our view, only possible in large metropolitan markets. As our operating costs are relatively fixed, larger stores in bigger urban conurbations, particularly London, drive higher revenues and higher operating margins.

Capital structure

Following the Global Financial Crisis and the ensuing economic recession, we have materially reduced the financial risk within the business and diversified our sources of debt, whilst at the same time, increasing our store platform by deploying significant capital investment. We measure leverage by looking at our interest cover which was 6.1 times for the year ended 31 March 2026, and our objective is to not let this fall below 5 times, compared to the consolidated EBITDA covenant of 1.5 times. We also look at our debt to EBITDA ratio, which is currently 3.7 times, and we seek to maintain this in the range of three to four times. We manage this business on the basis that an external economic shock could potentially happen at any time. This is reinforced by the performance of the business during the pandemic, where we delivered a strong trading performance whilst at the same time continuing to invest and expand.

Self storage demand drivers

Economic activity and change are key drivers of self storage demand and are greatest in the larger urban conurbations, and in particular London and the South East. The structural changes consisting of the conversion of ex-industrial brownfield land to other uses, in particular residential; the reduction in home ownership and increased proportion of those choosing to rent; increasing density of living with new properties being built with optimised living space and very little provision for storage; will continue and will increase demand for our product. These changes have resulted in a significant shortage of available warehousing space, particularly in London. Self storage provides a convenient flexible solution to businesses such as online retailers, importers and exporters, service providers, the public sector, and marketing companies looking for mini-warehousing space.

In addition to domestic customers taking space to declutter their homes, our largest customer base is those using us short-term around an event, such as moving home, refurbishment, inheritance, household formation, separation, relocation, and students.

Resilience

The location of our stores, brand, security, and most importantly customer service, together with the diversity of use in our 71,000 occupied rooms, serve better than any lease contract in providing income security.

The business proved to be relatively resilient, but not immune during the Global Financial Crisis and recession of 2007 to 2009, with London and the South East proving to be less volatile. Since 2020, the Group has grown its revenue by 62%.

81% of our customers pay by direct debit, and our cash collection has remained robust over recent years.

We focus on the following key areas:



Digital execution

Leveraging our market-leading brand position to generate new prospects, principally from our digital, mobile and desktop platforms.



Sustainability

Through our environmental initiatives, aim to create a more sustainable business which will increase shareholder and customer value in both the medium and long-term.



Customer experience

Focusing on training, selling skills, and customer satisfaction to maximise prospect conversion and referrals.



Social initiatives

Through our social initiatives, we support local charities with free storage space and help vulnerable people get back into the workplace through the Big Yellow Foundation.



Driving revenue

Growing occupancy and net rent to drive revenue optimally at each store.



Culture

Maintaining Big Yellow's culture as an accessible, apolitical, inclusive, non-hierarchical, socially responsible, and enjoyable place to work.



Cost control

Maintaining a focus on cost control, so revenue growth is transmitted through to earnings growth.



Conservative capital structure

Maintaining a conservative capital structure in the business with Group debt to EBITDA in the range of three to four times.



Increasing footprint

Increasing the footprint of the Big Yellow platform principally through new site development and where possible existing prime freehold stores that meet our quality criteria.

Strategy and Investment Case continued

Total shareholder return

In the twenty six years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return ("TSR"), including dividends reinvested, of 11.4% per annum, in aggregate 1,527.2% at the closing price of £8.45 on 31 March 2026. This compares to 3.7% per annum for the FTSE Real Estate Index and 5.9% per annum for the FTSE All Share index over the same period. We feel this illustrates the power of compounding consistent incremental returns over the longer term.



Our Investment Case

Attractive market dynamics

Resilient

Resilient through the Global Financial Crisis, the pandemic and recent geopolitical events.

Flexible Contract

Flexible contract allows rental growth in an inflationary environment as demonstrated in last four years.

Structural undersupply

Structural undersupply in larger cities over the medium to long term.

New customer reach

Awareness still remains relatively low, with approximately 53% having reasonable or good knowledge of self storage.

How we deliver value

Our competitive advantage

- UK self storage industry's most recognised brand with over 90% of enquiries online
- Prominent mainly purpose-built stores on arterial or main roads, with high visibility
- Continuous innovation and investment into our mobile and desktop digital channels
- Strong customer satisfaction and NPS scores reflecting excellent customer service
- 6.7 million sq ft UK footprint, with development pipeline of 0.9 million sq ft
- Primarily freehold estate concentrated in London and South East and other larger urban conurbations
- Larger average store capacity – economies of scale, higher operating margins
- Secure financing structure with strong balance sheet
- Continued significant investment in sustainability and our culture



Evergreen income streams

- 71,000 occupied rooms, with customers from a diverse base – individuals, SMEs, and national customers
- 39% of customers in stores greater than two-year length of stay, a further 17% for one to two years
- Average length of stay for existing customers of 33 months, for the 56% of customers that have stayed for more than one year, the average length of stay is 55 months
- 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 warehouse space drives demand
- Development pipeline of 0.9 million sq ft (13% of current MLA) to drive further growth
- Conservative capital structure allowing further growth from internal resources

Conversion into quality returns

High margins

Freehold assets for high operating margins and operational advantage.

Sustainable

Low technology and obsolescence product, maintenance capex fully expensed.

Annual compound adjusted eps

12%

Annual compound adjusted eps growth of 12% since 2004/5.

Cash flow

12%

Annual compound cash flow growth of 12% since 2004/5.

Dividend pay-out

80%

Dividend pay-out ratio of a minimum of 80% of adjusted eps.