OUR MAIN FOCUS REMAINS ON DRIVING EARNINGS THROUGH OCCUPANCY GROWTH, AS WE TARGET OUR NEXT GOAL OF AN AVERAGE OF 85% OCCUPANCY ACROSS THE PORTFOLIO.

Growth

Of Revenue and Earnings

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 2017.

Against a backdrop of increased economic uncertainty, we are pleased to have delivered another year of occupancy, revenue and adjusted earnings growth. Our main focus remains on driving earnings through occupancy growth, as we target our next goal of an average of 85% occupancy across the portfolio.

Like-for-like closing Group occupancy is up 2.8 percentage points to 78.1% compared to 75.3% at 31 March 2016.

In the quarter to March, with less churn in the business and a more stable demand environment, we successfully increased occupancy by 115,000 sq ft, and by a further 54,000 sq ft in the current quarter to date (2016: quarter to date gain of 7,000 sq ft). As of 22 May 2017, our occupancy across the portfolio is 79.2%.

Average rental growth over the year was 1.7% with closing net rent of £26.03, representing an increase of 0.5% from the same time last year, with our focus remaining on driving occupancy in the stores. We remain focussed on occupancy gain with 85% (for the time being) our primary objective. It remains our firm belief that occupancy gains are hard won and are of significantly more value than short term increases in average rent. As our occupancy rises the rate growth will come through driven by our yield management systems.

Financial results

Revenue for the year was £109.1 million (2016: £101.4 million), an increase of 8%. The like-for-like revenue growth (excluding Nine Elms and Twickenham 2 acquired in April 2016) was 6%.

Free cash flow (after interest costs and pre working capital movements) increased by £5.0 million (10%) to £58.3 million for the year (2016: £53.3 million). The Group's operating profit before property revaluations increased by £5.5 million (9%) to £65.3 million. The Group's statutory profit before tax was £99.8 million, compared to £112.2 million in the prior year. The movement is due to a lower gain in the valuation of the Group's investment properties in the current year compared to the prior year.

Given that our central overhead and operating expense is largely embedded in the business, this revenue growth has delivered an increase of 11% in the adjusted profit before tax in the year of £54.6 million (2016: £49.0 million). Adjusted earnings per share increased by 11% to 34.5p (2016: 31.1p) with an equivalent 11% increase in the dividend per share for the year.

The Group has net bank debt of £298.0 million at 31 March 2017 (2016: £295.0 million). This represents approximately 25% (2016: 26%) of the Group's gross property assets totalling £1,190.5 million (2016: £1,126.2 million) and 31% (2016: 33%) of the adjusted net assets of £963.4 million (2016: £899.0 million). The Group's interest cover for the year, expressed as the ratio of free cash flow pre working capital movements against interest paid was 6.2 times (2016: 6.0 times). This is comfortably ahead of our internal minimum interest cover requirement of 5 times.

Investment in new capacity

Developing stores in our core area of London and the South East remains challenging. Sites are scarce, and faced with a housing shortage, policy makers are focussed on residential provision at the expense of commercial development. Despite the referendum result, we still expect London's population to continue to grow, intensifying these pressures. This makes the creation of new supply difficult and we are aware of only a handful of stores likely to open in London in the next few years as legacy sites acquired before the downturn have now largely been opened. We believe that this leaves our existing platform almost irreplaceable. We and others are looking to acquire sites but even if successful, it can take three to four years to open a purpose built store.

We have commenced construction at Guildford Central in the year, with a planned store opening of March 2018, and have also started on the extension to our store at Wandsworth, which is planned to complete in April 2018.

After lengthy consultations we anticipate submitting planning applications on Battersea, Kings Cross and Manchester in the next few months, but as always the process is subject to the vagaries of the planning system.

We are pleased to announce that in May 2017 we acquired an existing building on a 0.8 acre site on the Highway in Wapping, just east of Tower Bridge, with main road frontage, for £10.75 million. This is an area with very little supply of self storage and significant self storage drivers given the changes to the built environment over the past two decades, with high density residential and other mixed use schemes. A combination of self storage and short term tenancies under our ownership will provide an interim income while we investigate refurbishment or redevelopment options.

THERE HAS BEEN A FURTHER IMPROVEMENT IN OUR CUSTOMER NET PROMOTER SCORES TO AN AVERAGE OF 77 OVER THE YEAR, A VERY PLEASING RESULT.

The future cost of the current pipeline of eight development sites and extensions, with a potential capacity of over 450,000 sq ft, six of which are subject to planning, and including Wapping, acquired post year end, is provisionally estimated to be approximately £70 million. This excludes any net proceeds that may be received on the redevelopment of our Battersea store and adjoining retail units into a mixed use scheme of residential, retail and self storage.

The acquisitions of the Lock and Leave portfolio in April 2016 and the Quickstore portfolio since the year end are a continued demonstration of our willingness to buy existing stores for rebranding as either Big Yellows or Armadillos, from which we can drive performance through our market leading operational and digital platform.

Dividends

The Group's dividend policy is to distribute 80% of full year adjusted earnings per share. The final dividend declared is 14.1 pence per share. The dividend declared for the year of 27.6 pence per share represents an increase of 11% from 24.9 pence per share last year.

Our people

A business will only succeed if it has a fully motivated and engaged team. From the start we have always aimed to create a culture which is accessible, apolitical, non-hierarchical, socially responsible, and very importantly, a fun and enjoyable place to work.

During the year, we appointed an external consultancy to conduct an engagement survey of our employees, which delivered very pleasing levels of employee engagement of 90% in the stores and head office. In addition, we focus on customer service and engagement, measuring and responding to their feedback. Commensurate with the high levels of employee engagement, there has been a further improvement in our customer net promoter scores ("NPS") to an average of 77 over the year, a very pleasing result.

I would like to thank all those in the business for their efforts in contributing to another year of growth.

Board

Mark Richardson has announced that he is stepping down as a Non-Executive Director at the Group's next AGM. He joined the Company in 2008 and over the ensuing nine years has been an excellent Audit Committee Chair and a source of sound advice and judgement. I and the Board would like to thank him for his valued contribution to Big Yellow's success in his period of tenure. It is our intention to appoint his replacement as Audit Committee Chairman before the July AGM.

Outlook

Trading over the last few months has been better than we anticipated, and is encouraging as we head into our seasonally stronger summer trading period. Nevertheless, these are uncertain times and we remain fully prepared for any economic reversals which could cause demand to fluctuate.

We can expect to break through 80% occupancy this summer putting us within touching distance of our (for the time being) long held goal of 85%. Occupancy gain remains the primary point of focus.

As our vacant capacity reduces, it increases the imperative to create more. The tight supply of land in our core areas of activity, and a planning regime broadly focussed on housing, remain very significant barriers for our competitors and ourselves. We have the required property and planning skills, an ability to take the necessary risks, a strong balance sheet and we are prepared to take long term views. These factors work in our favour but unlocking new opportunities for new stores remains challenging.

That said, we believe that Big Yellow's market leading brand and operating platform can deliver attractive and sustainable growth over the medium to long term from its existing portfolio.

Nicholas Vetch
Executive Chairman
22 May 2017