The Big Yellow investment proposition is simple; sustainable earnings and dividend growth from a secure capital structure.

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 results for the year ended 31 March 2016.

Against a backdrop of slower economic activity compared to the prior year, we are pleased to have delivered another year of occupancy, revenue and earnings growth. Our main focus remains on driving earnings through occupancy growth over the next few years as we target our next goal of 85% across the portfolio.

Like-for-like closing Group occupancy is up 3.5 percentage points to 76.7% compared to 73.2% at 31 March 2015, in line with the guidance given in May 2015.

Average rental growth over the year was 2.5% with closing net rent of £25.90, representing an increase of 2.7% from the same time last year. The like-for-like revenue growth in the Group was 10% compared to last year, this excludes the 12 Partnership stores, existing store acquisitions made last year and new store openings in the year. Given that our central overhead and operating expense is largely embedded in the business, this revenue growth has dropped through into a 15% increase in adjusted earnings per share and in the dividend per share for the year.

Awareness of self storage and the market generally is growing year on year, as more people use the product, and with continued marketing from all industry players, we are seeing improving levels of referral and repeat use.

We will continue to innovate, by improving our digital platform and operations to grow our market share and leverage our market leading brand. In addition, our focus will remain on London and the South East (80% of revenue) and large regional cities where barriers to entry are highest, and supply remains very constrained.

Financial results

Revenue for the year was £101.4 million (2015: £84.3 million), an increase of 20%. Cash inflows from operating activities (after interest costs) increased by £13.1 million (31%) to £55.5 million for the year (2015: £42.4 million).

The Group made an adjusted profit before tax in the year of £49.0 million (2015: £39.4 million), up 24%. This translated into a 15% increase in adjusted earnings per share to 31.1p (2015: 27.1p), the growth of which is lower as a result of the placing of an additional 14.4 million shares in November 2014 to part fund the acquisition of the remaining interest in the 12 Big Yellow Limited Partnership stores.

The Group has net bank debt of £295.0 million at 31 March 2016 (2015: £277.1 million). This represents approximately 26% (2015: 27%) of the Group's gross property assets totalling £1,126.2 million (2015: £1,022.8 million) and 33% (2015: 35%) of the adjusted net assets of £899.0 million (2015: £801.4 million).

The Group's interest cover for the year, expressed as the ratio of cash generated from operations against interest paid (per the cash flow statement) was 6.2 times (2015: 5.4 times).

Investment in new capacity

Creating new capacity in our core area of London and the South East is increasingly challenging. Sites are scarce, and faced with a housing emergency, policy makers are focussed on residential provision at the expense of commercial. As London's population grows, these pressures are likely to intensify. The bad news is that it makes it difficult to build new stores for Big Yellow, but conversely leaves our existing platform near irreplaceable.

We opened our 60,000 sq ft store in Enfield in April 2015, on a prominent location on the A10. Our 60,000 sq ft store in central Cambridge opened in January 2016. We intend to commence construction of our store in central Guildford in the second half of the year, and anticipate it opening in Autumn 2017.

Given the competition for land in central London we are very pleased to have acquired two prime sites at Kings Cross and Camberwell. Kings Cross is a one acre site on which we intend to develop a new build store of in excess of 90,000 sq ft, subject to planning. Camberwell is in Zone 2 to the south of London Bridge, and we intend to develop a new build store of 65,000 to 70,000 sq ft, subject to planning. There is interim rental income on these two sites while we pursue planning, which will mitigate the increase in our variable rate interest expense.

These sites, together with Guildford Central, extensions at our existing Battersea and Wandsworth stores, and development sites in Newcastle and Manchester (the last four all subject to planning) will provide in excess of an additional 400,000 sq ft of capacity.

During the year we have successfully re-geared our existing 125 year, long leasehold interest on our proposed self storage site at Water Street, Manchester to 250 years, and in addition sold the surplus industrial land to Manchester City Council for £8 million.

In February of this year, we were included in the Sunday Times Best 100 Companies to work for.

No business can succeed without motivated and hardworking people.

At 31 March 2016, the future cost of the current pipeline of seven development sites and extensions, six of which are subject to planning, is provisionally estimated to be approximately £55 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.

In April 2016, we acquired the Lock and Leave portfolio. Big Yellow acquired two stores in London, at Nine Elms (65,000 sq ft MLA freehold) and Twickenham (25,000 sq ft MLA, 19 years unexpired leasehold), for £13.5 million and £1.1 million respectively, totalling £14.6 million. The Nine Elms store is approximately 85% occupied and sits neatly between our strong performing Kennington and Battersea stores, and our aim will be to drive revenue and cash flow through yield management. The Twickenham store is adjacent to our existing freehold 73,000 sq ft highly occupied store. The freehold stores in Canterbury (37,000 sq ft MLA) and West Molesey (35,000 sq ft MLA) were acquired by Armadillo for £6.4 million, and again we expect to drive operational performance under our management.

Dividends

The Group's dividend policy is to distribute 80% of full year adjusted earnings per share. The final dividend declared is 12.8 pence per share. The dividend declared for the year of 24.9 pence per share represents an increase of 15% from 21.7 pence per share last year.

Our people

In February of this year, we were included in the Sunday Times Best 100 Companies to work for in the mid-size category, an independent assessment of our employee engagement and culture. This is particularly pleasing, as from the inception of the business we have tried to create a culture which is accessible, apolitical, non-hierarchical, socially responsible, and very importantly a fun and enjoyable place to work. No business can succeed without motivated and hardworking people.

Outlook

External forces are complex and are unlikely to be assisted by comment from us, so we concentrate on matters that we can influence.

The Big Yellow investment proposition is simple; sustainable earnings and dividend growth from a secure capital structure. There will inevitably be setbacks but as management we will continue to focus on the long term achievement of these objectives whilst managing risk to minimise mistakes. The much-overlooked power of compounding should do the rest.

Nicholas Vetch
Chairman
23 May 2016