

21 July 2022

## Big Yellow Group PLC (“Big Yellow” or “the Group”)

### Trading Statement

The Board of Big Yellow Group PLC, the UK’s brand leader in self storage, is pleased to provide the following update on trading for the first quarter ended 30 June 2022.

#### Results

| Financial metrics                                                | Quarter ended<br>30 June 2022 | Quarter ended<br>30 June 2021 | Change         |
|------------------------------------------------------------------|-------------------------------|-------------------------------|----------------|
| Total revenue for the quarter                                    | £45.5 million                 | £36.6 million                 | 24%            |
| Like-for-like store revenue for the quarter <sup>(1)</sup>       | £39.4 million                 | £36.0 million                 | 9%             |
| <b>Store metrics</b>                                             |                               |                               |                |
| Store Maximum Lettable Area (“MLA”)                              | 6,152,000                     | 4,984,000                     | 23%            |
| Closing occupancy (sq ft)                                        | 5,320,000                     | 4,490,000                     | 18%            |
| Occupancy growth in the quarter (sq ft)                          | 213,000                       | 289,000                       | (76,000 sq ft) |
| Closing occupancy                                                | 86.5%                         | 90.1%                         | (3.6 ppts)     |
| Like-for-like closing occupancy <sup>(1)</sup>                   | 88.3%                         | 91.0%                         | (2.7 ppts)     |
| Average achieved net rent per sq ft                              | £29.99                        | £29.04                        | 3%             |
| Closing net achieved rent per sq ft                              | £30.33                        | £28.91                        | 5%             |
| Like-for-like average net achieved rent per sq ft <sup>(1)</sup> | £32.14                        | £29.04                        | 11%            |
| Like-for-like closing net rent per sq ft <sup>(1)</sup>          | £32.35                        | £28.91                        | 12%            |

(1) Excluding Uxbridge (opened June 2021), Hayes (opened January 2022), Hove (opened March 2022), Aberdeen (acquired June 2022) and the Armadillo stores (acquired July 2021).

Occupancy across all 106 stores increased by 213,000 sq ft (3.5% of the MLA at 30 June 2022) compared to a gain of 289,000 sq ft in the same quarter last year (5.8% of the MLA at 30 June 2021), a gain of 138,000 sq ft in 2020 (2.9% of the MLA at 30 June 2020) and a gain of 125,000 sq ft in 2019 (2.7% of the MLA at 30 June 2019). The gain in occupancy in the current quarter includes 39,000 sq ft of occupancy acquired with Aberdeen (see below).

Like-for-like closing occupancy was 88.3%, a decrease of 2.7 ppts from the same time last year. Closing occupancy for all stores was 86.5%, a decrease of 3.6 ppts from 90.1% last year, impacted by new store openings.

This quarter last year benefited from the tapering off of the stamp duty holiday on 1 July which accelerated housing-related demand in June. Student demand in June this year was at more normal levels, and ahead of the pandemic-affected June 2021.

Closing net achieved rent per sq ft for all stores was £30.33, an increase of 5% from the same time last year, with average rate up 3% on the same quarter last year. The regional Armadillo portfolio, acquired in July last year has lower average rents, which has impacted the year-on-year rate growth. The like-for-like closing net rent per sq ft was up 12% compared to the same time last year, and the like-for-like average achieved rate was up 11%.

The Group’s like-for-like store revenue increased by 9% compared to the same quarter last year. The total revenue increase compared to the same quarter last year of 24%

includes the increasing impact of our recent Big Yellow store openings and a full quarter's contribution from the Armadillo stores.

### **Property**

In June 2022 the Group acquired an existing 53,000 sq ft self storage centre in Aberdeen for £10 million. The store, currently branded as Simply Self Storage, is the only purpose-built self storage centre in Aberdeen, and will be rebranded as Big Yellow. The purchase price represented a starting 6% net initial year one yield which should grow to 9% within two years as the store benefits from being added to our digital platform. There is also surplus land which provides the opportunity for expansion.

The Group has recently acquired a prime site on Farnham Road in Slough from Segro plc. The site falls within the Slough Trading Estate Simplified Planning Zone ("SPZ") Scheme. The SPZ sets out a series of conditions and provided that a development fully complies with these conditions then we do not need to secure a full planning permission to develop our proposed 62,000 sq ft store on the site. We have now received confirmation that these conditions have been met.

As part of this transaction, the Group has also agreed to the surrender of the lease on its existing Slough store on Whitby Road, which is leased from Segro. The lease surrender will take effect six months after the completion of the construction of our new store, which is anticipated to open in Summer 2024.

After a 15 year search, the Group has acquired a freehold property on Old Kent Road, London. The property, let to Iceland Foods, has a passing rent of £388,000 with seven years remaining on their lease. We will be seeking planning consent for a 75,000 sq ft self storage centre on the site. This is a medium-term strategic opportunity in an area of London going through significant regeneration. The timing of construction and opening is dependent on planning and vacant possession. Our current estimate of total development cost is approximately £40 million, representing a net operating income yield of 7% at today's rents.

In June the Group secured a resolution to grant planning consent for an approximately 65,000 sq ft store and nine industrial units totalling 99,000 sq ft, at its site on the Causeway in Staines.

As announced in May, the Group conditionally sold its industrial warehouse scheme at Harrow, London for gross sales proceeds of £61 million. Completion of the sale is conditional, inter alia, on practical completion of the development, and is expected to occur in the second half of 2022.

We are currently on site constructing our new stores in Harrow, Kings Cross and North Kingston. Harrow and North Kingston are expected to open in September 2022, with Kings Cross opening in Summer 2023.

### **Financing**

The Group has signed a \$225 million credit approved shelf facility with Pricoa Private Capital ("Pricoa"), to be drawn in fixed sterling notes. The facility is conditional on the perfection of an intercreditor security agreement between Pricoa and the Group's RCF lenders, which we expect to have concluded shortly. The Group can draw the debt in minimum tranches of £10 million over the next three years with terms of between 7 and 15 years at short notice, typically 10 days.

We intend to use this facility to partially replace and reduce the bank revolving credit facility which expires in October 2024. This facility increases our potential debt capacity to approximately £600 to £625 million and extend the average maturities.

The optionality built into the facility allows us to choose the timing of that transition and hence the opportunity to optimise our average cost of debt.

The Group's average cost of debt is currently 3.2%. Given the significant number of variables, including underlying interest rates and credit spreads, and the timing of when we make the transition, it is not possible to be precise about the future cost of the Group's debt. At today's prevailing outlook for interest rates and assuming we issue notes at current bond pricing, we estimate the Group's average cost of debt will rise to approximately 4% over the next two to three years.

Sustainability KPIs have been incorporated into this facility. These include the continued installation of solar panels across the security stores which will reduce emissions and running costs, and the business being on-track to achieve 'Net Renewable Energy Positive' status by 2030. The Group will benefit from a reduction in the cost of the notes, conditional on achieving these targets.

**Jim Gibson, Chief Executive Officer, commented:**

“As we reported in May, the invasion of Ukraine at the end of February created significant uncertainty, leading to some of our potential customers deferring decisions. Consequently, the March performance was unusual, with modest net occupancy growth on what is normally a strong month. However, over the quarter to June, we saw a normalisation in our demand and have delivered occupancy growth more in-line with 2018 and 2019, i.e. pre-Covid.

Against a very strong comparator quarter for last year, impacted by the distortion of the stamp duty holiday, we are pleased to have delivered solid growth in revenue and average rental rates. Like-for-like occupancy at 88.3% is slightly down on last year and we will continue to pursue our key objective of achieving same store average occupancy above 90%.

The new Pricoa shelf facility gives us the flexibility to put in place additional medium to long term debt at moments of our choosing, whilst substantially reducing refinancing risk. Our business model and secure capital structure give us the confidence to continue to invest in our business and seek opportunities to grow our platform.”

For further information, please contact:

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**Notes to Editors**

Big Yellow is the UK's brand leader in self storage. Big Yellow now operates from a platform of 106 stores, including 24 stores branded as Armadillo Self Storage. We own a further 14 Big Yellow self storage development sites of which nine have planning consent. The current maximum lettable area of the existing platform (including Armadillo) is 6.2 million sq ft. When fully built out the portfolio will provide approximately 7.2 million sq ft of flexible storage space. 98% of our stores and sites by value are held freehold and long leasehold, with the remaining 2% short leasehold.

The Group has pioneered the development of the latest generation of self storage facilities, which utilise state of the art technology and are located in high profile, accessible, main road locations. Our focus on the location and visibility of our Big Yellow stores, with excellent customer service, a market-leading online platform, and significant and increasing investment in sustainability, has created the most recognised brand name in the UK self storage industry.