Chairman's Statement

Big Yellow Group PLC, the UK's leading self storage brand ("Big Yellow", "the Group" or "the Company"), is pleased to announce results for the year ended 31 March 2009.

Trading conditions and lead indicators over the past two months have shown a noticeable improvement, although activity levels remain below those enjoyed prior to August 2007, the beginning of the financial crisis.

Financial Results

Revenue for the year was £58.5 million (2008: £56.9 million), an increase of 3%. Revenue for the fourth quarter was £13.9 million in line with the same quarter last year.

Adjusted EBITDA increased by 2% in the year to £30.3 million.

The Group made an adjusted profit before tax in the period of £13.8 million (down from £15.0 million in 2008). The decline was primarily due to an increase in interest costs in the period, caused by higher debt levels.

The Group made a loss before tax for the year of £71.5 million, compared to a profit of £102.6 million last year. This loss is principally due to the reversal of some of the revaluation gains booked in the prior year; and the one off cost of unwinding various interest rate hedging arrangements in March.

Cash generated from operations rose to £33.3 million in the year (2008: £30.8 million), an increase of 8%.

Net bank debt of £308.1 million at 31 March 2009 (2008: £282.3 million) represents approximately 38% (2008: 33%) of the Group's investment property and development property assets totalling £808.7 million (2008: £855.0 million) and 57% (2008: 46%) of the adjusted net assets of £543.8 million (2008: £618.6 million).

In March of this year the Group settled outstanding derivative positions (with a weighted average expiry of 2.8 years on £190 million of its debt) at a cost of £14.9 million. Simultaneously the Group rehedged £120 million for seven years at 2.99% (excluding margin). A further £70 million is hedged for four and a half years with the remainder of the Group's debt floating. The Group's current average cost of borrowing is now 3.7% reduced from 6.2% at March 2008. This reduces the Group's current annualised interest bill by approximately £5.4 million at current monthly LIBOR.

Dividend

No Property Income Dividend is payable for the year, due to shadow capital allowances offsetting the Group's tax exempt profits. The Board recommended suspension of the discretionary interim dividend in November 2008. The reason for the suspension was to allow the Group to retain operating cash surpluses to build out its existing pipeline of London stores without increasing debt levels. The Board has therefore not proposed a final discretionary dividend.

The dividend policy will be reviewed and the discretionary ordinary dividend reinstated when that objective has been met and the Board feels it is prudent to do so.

Valuation and Net Asset Value

The value of the investment property portfolio at 31 March 2009 was £735.1 million, down from £750.9 million at 31 March 2008.

The investment property valuation of the 47 stores open at 31 March 2008 fell by £58.9 million, a fall of 8%. This is offset by the increase to the portfolio of £43.1 million as a result of two new stores opening and Sheen reopening, after redevelopment.

OVER THE LAST 10 YEARS BIG YELLOW HAS ESTABLISHED ITSELF AS THE UK'S LEADING SELF STORAGE BRAND WITH CUSTOMER RECOGNITION EXCEEDING OUR NEAREST RIVAL BY THREE TIMES.

The £52.8 million net revaluation deficit recorded in the income statement was principally caused by an increase in implied stabilised post administration yields which have moved from 7.67% to 8.64%. The stabilised yield on a pre administration basis is 9.09%. Encouragingly £53.4 million of the deficit occurred in the first half of the year with a gain of £0.6 million in the second half of the year, helped by new store openings.

Whilst we recognise that yields on commercial real estate assets more generally have increased significantly, we are sceptical that assets of this high quality in this sub-sector, where there is a scarcity of prime product, could be acquired at these levels. We estimate that there are approximately 117 self storage assets of this quality in the UK of which we own or part own 54. The remainder are owned by multi site competitors, who we doubt are sellers of their assets, in line with ourselves.

Land held for redevelopment or sale has been written down by £12.4 million over the year, offset by a small gain realised on the disposal of three pieces of surplus land.

The decrease in value of the property portfolio together with the cost of restructuring our interest rate swaps results in an adjusted fully diluted net asset value of 457.0p, a decrease of 12% over the prior year. See note 14 for detailed valuation assumptions and adjustment to purchasers' cost assumptions.

92% by value of the Group's 50 wholly owned open stores are freehold (including one long leasehold). The freehold proportion will increase as the Group opens stores in the development pipeline, all of which are freehold.

Stores and the Brand

Over the last 10 years Big Yellow has established itself as the UK's leading self storage brand with customer recognition exceeding our nearest rival by three times. We believe that this will have a significant impact as activity levels improve in coming years.

At the year end, occupied space in wholly owned stores represented 1,732,000 sq ft, down 5% from 1,817,000 sq ft at the same time last year. This represents a 55% occupancy rate across all 50 stores open at the period end (2008: 62%). The opening of three wholly owned stores in the year adding capacity of 206,000 sq ft, coupled with some occupancy loss in the same stores, has caused this reduction in the average occupancy across the portfolio.

A table summarising the performance of these 50 directly owned stores over the year can be found in the portfolio summary on page 24.

The portfolio of 32 same stores was 71% occupied at the end of the year (2008: 79%), with an average occupancy during the year of 75% (2008: 82%). In addition these 32 stores achieved EBITDA margins of 65% (2008: 65%). The 25 freehold stores within the 32 achieved EBITDA margins of 70% in the year (2008: 71%).

Same store revenue for these 32 stores decreased 4% year on year, 9% caused by the decline in average occupancy year on year, offset by a 5% increase in average storage rents. From May 2009, we have put through an annual storage rent increase of approximately 4.25% to existing customers across the whole store portfolio, which will come through in the first half of the current year. In addition, we increased empty room rates by approximately 5% on average across all stores at the end of March.

Chairman's Statement
continued

Big Yellow Limited Partnership ("The Partnership" or Joint Venture")

Our joint venture with Pramerica Real Estate Investors Limited is performing well. Planning consents have been obtained on all but two of the sites. The Partnership has enjoyed considerable benefits from falling construction prices and interest costs, reducing the capital requirements. It is too early to make a definitive judgement but the initial trading performance of the stores in the North and Midlands has been relatively encouraging.

Armadillo Management Agreement

We were pleased to be appointed by HSBC Specialist Investments Limited to manage a portfolio of ten freehold stores in the North, under a five year management agreement, with the stores branded as Armadillo Self Storage. The Group will be entitled to certain management and incentive fees payable over the life of the agreement. By the end of this calendar year, we will either part-own or manage 17 stores in the Midlands and the North, giving us greater operational scale and efficiencies.

Property

We now have 16 stores in the pipeline, which when fully developed will represent an additional 1.05 million sq ft and when open will provide the Group with a total of 70 stores and 4.45 million sq ft. 9 stores (0.55 million sq ft) in the pipeline are held in the Joint Venture and 7 (0.5 million sq ft) are wholly owned.

The anticipated remaining capital expenditure on the nine stores in the Joint Venture is £49.2 million, which is fully funded through equity provided two thirds by Pramerica Real Estate Investors and a third by the Group, with the balance provided from a committed development finance facility.

The seven freehold stores in the core Group consist of six prime sites in London (Chiswick, Eltham, Enfield Gypsy Corner, New Cross and Twickenham), and one in central Guildford. The capital expenditure that would be required to complete the seven wholly owned development sites, (including Twickenham which opened in May and the completion of the purchase of Enfield) is approximately £53 million.

Approximately 60% of our total stores and sites by area are located within the M25 and 63 are freehold or long leasehold. In the year we have opened six stores, including three within the Partnership.

We have obtained planning consents on nine stores since 1 April 2008, including at Eltham where we have recently had our planning appeal allowed. In addition on a further two sites applications have been submitted. We now have consent on all but three of our development pipeline of sites.

During the year we sold £3.8 million of surplus land, and sold five sites to the Partnership for £22.8 million. We now have £25 million of surplus land which we are seeking to sell over the next 18 months.

Our People

As we have consistently reported over the last seven years, the Big Yellow team has remained largely stable, both at Head Office and within the stores. Never complacent on this issue however, we are constantly investing in our people, which we believe is reflected in the very high customer satisfaction responses that we receive. I am delighted that this year we will be celebrating the 10th anniversaries of 17 valued members of our team, who have been with us from the very early days of the business.

WE ANTICIPATE THAT, PROVIDING CONDITIONS CONTINUE TO IMPROVE, WE WILL OVER TIME MIGRATE FROM A HIGHLY DEFENSIVE STANCE TO A MORE AMBITIOUS AND OFFENSIVE STRATEGY.

We are very pleased to have been included in the Sunday Times "Best 100 Companies to Work For" list for 2009. As a consumer facing business the wellbeing of our staff is of paramount importance and therefore my thanks and congratulations go to all who made it possible, notably our Human Resources team.

In the year, David Ross resigned from the Board as a Non-Executive Director much to my regret. He remains a significant and supportive shareholder.

I would like to welcome two new Non-Executive Directors to the Board. Tim Clark joined in August and Mark Richardson in July as Senior Non-Executive and Chairman of the Audit Committee respectively. Tim Clark has recently retired from a long career at Slaughter and May, the last seven years of which were as senior partner. Mark Richardson was a senior audit partner, working in the real estate practice at Deloitte LLP, from which he retired in 2008. Already they have made a significant contribution to the Boardroom.

I would like to take the opportunity of thanking all the people who work at Big Yellow for their continued efforts, loyalty and hard work which, at the risk of repetition, really does make the difference between success and failure in our business.

Outlook

Lead indicators including improved customer reservations, the volume of telephone and web enquiries together with higher internet traffic give us cautious grounds for more optimism. This would appear to be consistent with recent survey evidence showing a slowly improving picture in relation to housing transactions, albeit that these are coming off very low levels. We have however no doubt that the recovery of trading to more normalised levels will take some time, given the continued restricted supply of credit and rising unemployment levels.

We therefore remain highly focussed on risk and the downside but are beginning to turn our attention, and increasingly so, to the next phase of growth and our strategy for continuing to build on Big Yellow's position as the market leader and the most recognised brand in our industry.

We anticipate that, providing conditions continue to improve, we will over time migrate from a highly defensive stance to a more ambitious and offensive strategy.

Our four main objectives over the medium term are:

> Fill the vacant capacity of our existing store portfolio
> Build out the sites which we currently own
> Expand the store portfolio beyond the current commitment, with particular emphasis on London
> Reinforce and improve our already market leading brand position

Nicholas Vetch
Chairman
15 May 2009