Big Yellow Group PLC

Annual Report & Accounts 2021

THE BIG YELLOW SELF STORAGE COMPANY

Get some space in your life.™

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This report was approved by the Board of Directors on 24 May 2021 and signed on its behalf by:

Jim Gibson
Chief Executive Officer

John Trotman
Chief Financial Officer

Certain photographs in this report were taken prior to the pandemic.

We are the UK's brand leader in self storage. In a challenging year, our **diverse user base** has helped us to deliver a **resilient performance**.

We are committed to **growing the business** and never forget our **responsibility** to our staff, the environment and the communities we operate in.

Highlights

■ 2021 ■ 2020

Financial metrics

Revenue
£135.2m +4.6%
£129.3m

Store revenue [1]
£132.5m +5.7%
£125.4m

Like for like revenue [1]
£131.2m +4.9%
£125.1m

Store EBITDA [1]
£91.9m +5.4%
£87.2m

Adjusted profit before tax [1]
£74.6m +5.1%
£71.0m

EPRA earnings per share [1]
42.4p +0.7%
42.1p

Dividend final
17.0p +1.8%
16.7p

Dividend total
34.0p +0.6%
33.8p

Statutory metrics

Profit before tax
£265.8m +185%
£93.4m

Cash flow from operating activities
£76.7m +4.2%
£73.6m

Basic earnings per share
152.3p +173%
55.8p

Store metrics

Store Maximum Lettable Area "MLA" [1]
4,930,000 sq ft +5.2%
4,688,000 sq ft

Closing occupancy (sq ft) [1]
4,201,000 sq ft +11.1%
3,781,000 sq ft

Occupancy change [1]
420,000 sq ft
+449,000 sq ft
(29,000 sq ft)

Closing occupancy [1]
85.2% +4.5 ppts
80.7%

Occupancy – like-for-like stores (%) [1]
87.4% +6.7 ppts
80.7%

Average net achieved rent per sq ft [1]
£28.16 +1.1%
£27.86

Closing net rent per sq ft [1]
£28.71 +2.0%
£28.15

(1) See note 33 for glossary of terms

Highlights

- 4.6% revenue increase largely driven by increase in average occupancy
- Store revenue for the fourth quarter was £33.8 million, an increase of 9.7% from £30.8 million for the same quarter last year
- Average net achieved rent per sq ft up 1.1% year-on-year. Like-for-like closing store occupancy 87.4% (2020: 80.7%)
- Cash flow from operating activities increased by 4.2% to £76.7 million
- Adjusted profit before tax up 5.1% to £74.6 million, adjusted earnings per share up 0.7% to 42.4p
- 0.6% increase in total dividend to 34.0 pence per share
- Statutory profit before tax of £265.8 million, up 185% from prior year due to higher revaluation gain on investment properties
- Three new stores opened in the year in Camberwell (London), Bracknell and Battersea (London)
- Placing of 8.3 million shares in April 2020 raising £79.9 million (net of expenses) to grow our development pipeline
- Acquisition of four new development sites in Wapping, Staines, Epsom, and Kentish Town (all London) with a total estimated self storage development cost of £106 million. These acquisitions take the pipeline to 14 sites totalling approximately 1.0 million sq ft (20% of current MLA)
- Planning consent secured on five proposed stores in year, eight in total now have planning

Resilient performance

This pandemic has accelerated many structural changes that were already occurring, such as the move to online retailing and an increase in working from home facilitated by technological advances. These developments, combined with the shortage of quality flexible mini-warehousing space, from which to operate small scale storage and e-fulfilment is helping to drive our demand.

For the most part, industry, construction and the housing and property markets have remained open during the year. People have also been reflecting on how they live their lives or operate their businesses during this difficult time.

Big Yellow has a varied customer base and broad demand drivers. Even with the restrictions on freedom of movement and the challenges of the past year, this diverse demand coupled with a low customer churn rate in the year have helped to demonstrate the resilience of our business.

The extensive locations of our stores in London, the South East and across the UK, plus a strong and well recognised brand are key elements of our business. In addition, the unrivalled security of our stores and our focus on customer service, together with the diversity of our 62,000 customers, serves us well in providing income security.

Occupancy up

420,000 sq ft

Overall occupied space increased by 420,000 sq ft, with gains in both business and domestic occupancy. Overall store occupancy has increased in the year from 80.7% to 85.2%. On a like-for-like basis, excluding Camberwell, Bracknell, and Battersea, which all opened in the year, closing occupancy was 87.4%, an increase of 6.7 percentage points.

Revenue up

4.6%

Revenue for the year was £135.2 million (2020: £129.3 million), an increase of 4.6%. Like-for-like store revenue growth was 4.9%. Store revenue for the fourth quarter was £33.8 million, an increase of 9.7% from £30.8 million for the same quarter last year.

Adjusted profit before tax up

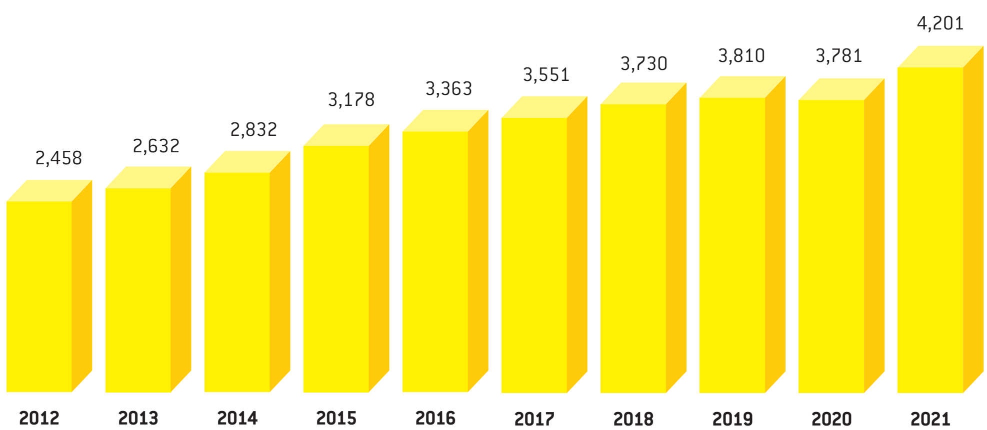
5.1%

The Group made a profit before tax in the year of £265.8 million, compared to a profit of £93.4 million in the prior year. After adjusting for the gain on the revaluation of investment properties and other one-off items, the Group made an adjusted profit before tax in the year of £74.6 million, up 5.1% from £71.0 million in 2020.

Making space

> "Our varied demand drivers have helped to **deliver growth in a challenging year**"

Growth in our occupancy (000 sq ft)



Diverse user base

Our growth in occupancy in the year has been driven by both domestic and business demand, broadly in proportion to the space they occupy within the business.

Domestic demand drivers

The housing market, which re-opened as the first lockdown was gradually lifted, has been stimulated further with the stamp duty holiday. Self storage is used as a stop gap between homes or to alleviate the stress of the moving process. It is our single largest demand driver.

Home living space has been under enormous pressure due to Covid-19 with people spending more time in their homes than ever before. A home has had new, multiple roles to perform; a place to live, to work, to school and to exercise. Big Yellow has been an enabler for people to declutter so their home space can work more effectively.

People want to improve their living space, especially with the increase in home working. This often leads to building works, extensions and home improvement projects. This has seen customers using Big Yellow to store and protect their furniture in order to get the work done.

Births, divorce, inheritance and other key life events have of course continued and create a need for self storage. We provide the convenience to keep personal possessions safe and secure.

Our domestic move-ins between 1 July 2020 and 31 March 2021 were up 3.5% year-on-year.

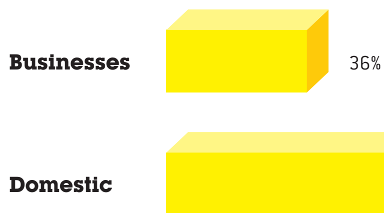
Growing demand from businesses

Business demand to use our storage space for stock, archiving or as a distribution hub has increased over the last year, with business move-ins between 1 July 2020 and 31 March 2021 up 19% year-on-year.

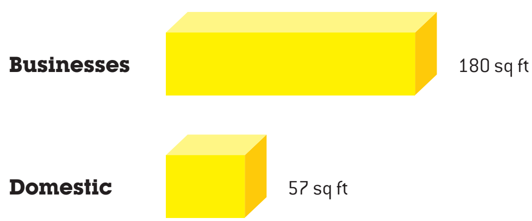
This demand has been driven by the surge in online retail with e-tailers using Big Yellow as a flexible solution to store stock and for e-fulfilment. The UK supply chain has been under enormous pressure over the last 18 months from Brexit stockpiling and the effects of Covid-19. With traditional UK warehousing reaching full capacity in the year and a general shortage of quality, mini-warehousing space, many businesses are using Big Yellow as an alternative, more flexible solution.

Many companies who closed or reduced their commercial office space in the year have used Big Yellow to store furniture and equipment whilst staff work from home. We have also experienced an increase in demand from healthcare companies distributing PPE, and from events, exhibitions, theatre and film companies who have needed a place to store equipment because of lockdowns.

% of storage space occupied by customer type



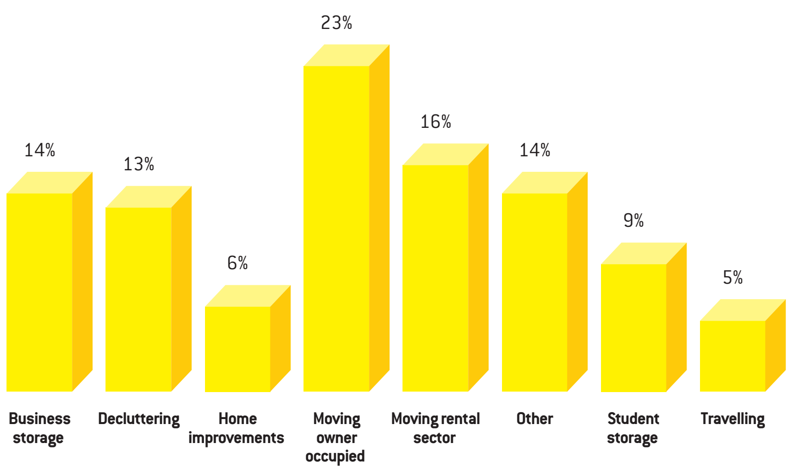
Average space occupied by customer type



Providing space for homes and businesses

> We exist to ensure the hopes of people and businesses **are never held back** by a lack of space

Demand drivers in the year



Growing the business

New developments

The structural need for self storage is now firmly embedded and so, put simply, we are building more of it focussed on our core areas of London, its commuter towns, and major cities where the barriers to new supply remain high.

We acquired four new development sites in Wapping, Staines, Epsom and Kentish Town. Our development pipeline now includes 14 further Big Yellow sites, mainly in London. Eight of these development sites have planning, with consent granted for five new stores in the year.

The cost to complete this pipeline is approximately £165 million. These store openings are expected to add approximately 1.0 million sq ft of storage space to the portfolio, an increase of 20% from the current maximum lettable area of the Group's portfolio.

Our current estimate of net operating income at stabilisation, at today's prices, for this increase in capacity is £25.8 million. The total development cost is estimated to be approximately £294 million implying an 8.8% net operating income return on cost.

Construction is underway at five of our development sites: Uxbridge (opening summer 2021), Hayes (opening early 2022), Hove (opening spring 2022), Harrow (opening summer 2022) and Kings Cross (opening spring 2023).

Three new stores opened in the year:

- Camberwell, a 75,000 sq ft store opened in July 2020 and was 38% occupied at 31 March 2021.
- Bracknell, a 59,000 sq ft store opened in September 2020 and was 40% occupied at 31 March 2021.
- Our 70,000 sq ft Battersea store reopened in November 2020 after a complete redevelopment and was 26% occupied at 31 March 2021.

Once a new store is built and operational, it takes on average six to nine months for it to break even.

By building stores with a larger average store capacity compared to the rest of the self storage industry, we can achieve economies of scale and higher operating margins.

The prominent locations of our stores on arterial or main roads, with extensive frontage and high visibility help benefit the brand with market leading brand awareness, over five times higher than our next nearest competitor.

Development pipeline in action

Planning

Our buildings are designed to be in keeping with the local built environment and to feature the latest sustainability initiatives. We always exceed the required building regulations and aim to give something back to benefit the local community where possible.

Construction

Constructing a store will take on average 12 to 18 months and the process involves two stages 1) building the shell and 2) fit-out of the storage floors and rooms. We adhere to BREEAM "excellent" standards when we build our stores.

Fit-Out

Once the construction of our shell is completed, our fit-out team begin creating on average 1,000 storage rooms in various sizes. We try and use social enterprise companies like BounceBack where possible and also ensure the store is contributing to the local bio diversity of the area.

New developments

> Primarily freehold estate, concentrated in London, its commuter towns and other **large metropolitan cities**

Contractors

We use a team of regular contractors who are familiar with working to our exacting standards. We are loyal with their repeated appointments and in return we obtain consistent build quality standards.

Marketing

The new store is integrated into the Big Yellow website and appropriate marketing campaigns commence. The 24/7 visual prominence of a new Big Yellow store drives brand awareness for the local audience.

Opening

With a new manager and store team fully trained and in place, storage enquiries from domestic and business audiences start coming in to our store via the website, phone or from walk-ins. Our focus on customer service and unrivalled security will help transform these enquiries into customers.

A responsible business

Net Renewable Energy Positive Strategy and Net Zero Emissions Strategy

Already generating on-site renewable energy through solar PVs across many Big Yellow stores, we are committed to going much further and have set out three new long-term, ambitious goals.

- To be Net Renewable Energy Positive by 2030.
  - We will generate as much renewable energy as we are able to across our store portfolio via the installation of solar photovoltaic (PV) systems.
  - We will generate off site renewable energy to match and even exceed the balance of energy our stores require each year.
  - Continue to invest in energy reduction initiatives.
- Net Zero Scope 1 & 2 Emissions by 2030.
- Net Zero Scope 3 by 2040.

The total medium term investment is expected to be £11 million.

View our full Net Renewable Energy Positive Strategy at corporate.bigyellow.co.uk/sustainability.

Big Yellow Foundation

Our Foundation supports seven charities who help vulnerable adults get back into sustainable employment. Our continued fundraising through customer donations continues to be vital to these charity partners. Big Yellow Group PLC matches every £1 donated by our customers.

- Seventh charity Street League, added in 2020
- £223,000 Foundation income in 2020/21
- £147,000 in Foundation grants paid out in 2020/21

Supporting local communities

Outside of our Big Yellow Foundation we continue to support local charities in the communities we operate in.

Our community investment via discounted storage space was £334,000, of which £307,000 was given free of charge.

Additional free space was donated to the British Red Cross worth just over £37,000.

We have also provided a home to London Children's Ballet who have occupied the studio space at our new Battersea store, under our Section 106 Social Agreement with Wandsworth Borough Council.

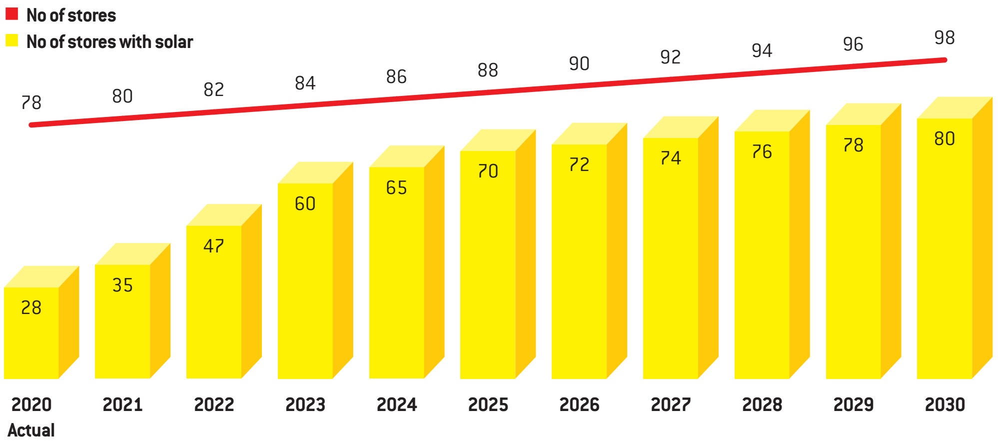
Net Renewable Energy Positive by
2030

Net Zero Scope 1 & 2 Emissions by
2030

Net Zero Scope 3 Emissions by
2040

A commitment to sustainability

Projected number of stores with solar by 2030



Our extensive national network

We have locations right across the UK with 78 Big Yellow stores and 25 Armadillo stores. Our customers like our modern, easily accessible and highly visible stores.

We want to keep expanding and have now grown our development pipeline to 14 more sites to develop into Big Yellow stores.

The current maximum lettable area of the existing platform (including Armadillo) is 6.0 million sq ft. When fully built out the portfolio will provide approximately 7.0 million sq ft of flexible storage space.

Of the Big Yellow stores and sites, 98% by value are held freehold and long leasehold with the remaining short leasehold.

London

54 stores and sites

“We have grown our pipeline and now have a further 14 sites to develop into future Big Yellow stores”

Outside London

63 stores and sites

KEY

- 78 Big Yellow stores (42 in London)
- 14 New Big Yellow stores under development (11 in London)
- 25 Armadillo stores (1 in London)

Chairman's Statement

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 2021.

The Group has delivered continued growth in all metrics over what has been a very challenging year.

The trading momentum we referred to when announcing our half year results has continued in the second half, and the increase in occupied space we have achieved this year has been one of the strongest for many years. This growth has been driven by both domestic and business demand, broadly in proportion to the space they occupy within the business. We are also pleased to have delivered growth in adjusted profit, cash flow and earnings per share over the year.

Awareness of self storage has increased over the year and we have seen that through a significant step-up in visits to our digital platforms and prospect growth.

This pandemic has accelerated many structural changes that were already occurring, such as the move to online retailing and an increase in working from home facilitated by technological advances. These developments, combined with the shortage of quality flexible mini-warehousing space, from which to operate small scale storage and e-fulfilment is helping to drive our demand. We believe these are long-term trends.

Financial results

Revenue for the year was £135.2 million (2020: £129.3 million), an increase of 4.6%. Like-for-like store revenue growth (see note 33) was 4.9%.

Store revenue for the fourth quarter was £33.8 million, an increase of 9.7% from £30.8 million for the same quarter last year.

At 31 March 2021 like-for-like occupancy was 87.4%, an increase of 6.7 ppts from the same time last year. Average rental growth was up 1.1% year-on-year compared to 2.7% last year.

Operating cash flow increased by £3.1 million (4.2%) to £76.7 million for the year (2020: £73.6 million). During the year we spent £73.0 million on growth capital expenditure, compared to £63.7 million in 2020.

Given that our central overhead and operating expense is largely embedded in the business, this revenue growth has delivered an increase of 5.1% in the adjusted profit before tax in the year of £74.6 million (2020: £71.0 million). EPRA earnings per share increased by 0.7% to 42.4p (2020: 42.1p) with an equivalent 0.6% increase in the dividend per share for the year. The increase in earnings per share is lower than that reported for adjusted profit before tax due to the dilutive effect of the equity placing in April 2020.

The Group's statutory profit before tax was £265.8 million, an increase of 185% from £93.4 million in the prior year with a higher revaluation gain on our investment properties in the year.

Net debt was £325.0 million at 31 March 2021, we have available liquidity of approximately £100 million and the business continues to generate positive post-dividend cash flow.

Investment in new capacity

We were able to successfully open three stores in the year, albeit with delays caused by the Spring 2020 lockdown and the requirement to operate thereafter with strict Covid protocols, adding 204,000 sq ft to our platform. Initial trading has been encouraging, with Camberwell (opened July 2020) at 38% occupancy at the year end, Bracknell (opened September 2020) at 40% occupancy and Battersea (opened November 2020) at 26% occupancy, and all three stores are now making a positive contribution to earnings. We expect to continue opening our pipeline stores and are therefore seeing the benefit of six years of hard work building up the development pipeline and successfully gaining planning consents.

Site acquisitions

It has always been difficult to acquire sites by dint of their scarcity with competition principally coming from other uses. Historically this has been from residential, and other uses such as car showrooms and offices, however, whilst the latter two have weakened, we are now seeing increased competition from the urban industrial and logistics sector.

We announced in July that we had exchanged contracts to acquire a site at 60-70 The Highway, Wapping, London adjacent to our existing store for £18.6 million. We will be seeking planning permission for a mixed-use scheme across both sites to comprise approximately 125,000 sq ft of self storage and ancillary space together with approximately 150 residential units. The intention will be to construct a Big Yellow store on the newly acquired land. When this is complete consideration will be given to the future of the existing property.

In December, the Group acquired a 5.6 acre site at the Causeway, Staines. The £44.6 million development will, subject to planning, comprise a 65,400 sq ft self storage centre including 5,400 sq ft of external access units and 98,500 sq ft of warehousing and logistical space which the Group will develop itself. This is a strategic site with excellent access to the M25 motorway and Heathrow Airport and fills a gap in our London store network.

In March, the Group acquired a 0.8 acre prime site in Epsom, South West London for £6.5 million. We will be seeking planning permission for a 56,000 sq ft self storage centre on the site. We acquired our fourth site post year end in April, a prominent site in Kentish Town, North London for £16.5 million. We will be seeking planning permission for a 68,000 sq ft self storage centre.

The availability of sites for our use will remain limited despite the current economic dislocation, but we continue to actively seek land to add to our development pipeline to sustain external growth. Our focus remains to acquire development sites in London, its commuter towns, and certain regional cities.

Planning

The planning system remains complex and has successfully adapted to Covid-19 restrictions, with applications being processed. Thanks to the efforts of our property team we have made significant progress with planning consents granted for our new stores in Hayes, North Kingston, Wembley, Harrow, and Kings Cross (all in London). Kings Cross has been a very complex planning process given its location, including the acquisition of additional land, and we were very pleased to receive a resolution to grant planning in October after five years of hard work.

Development pipeline

To fund the acquisition of further development sites, the Group raised £79.9 million (net of expenses), through the issue of 8.3 million shares in April 2020.

Big Yellow now has a pipeline comprising 14 development sites with a cost to complete of approximately £165 million, which will be phased over the next five years as we build out stores. These store openings are expected to add approximately 1.0 million sq ft of storage space to the portfolio, an increase of 20% from the current maximum lettable area of the Group's portfolio.

Our current estimate of net operating income at stabilisation, at today's prices, for this increase in capacity is £25.8 million. The total development cost is estimated to be approximately £294 million implying an 8.8% net operating income return on cost.

Within the figures above, the total self storage development cost of the four sites acquired since April 2020 amounts to approximately £106 million.

Dividends

The Group's dividend policy is to distribute 80% of full year adjusted earnings per share. The final distribution of PID and ordinary dividend declared is 17.0 pence per share. This brings the total distribution declared for the year to 34.0 pence per share representing an increase of 0.6% from 33.8 pence per share last year.

Our people

This has been a very challenging year for everyone with the combined effects of a health and an economic crisis. Throughout the year, we made significant investment to make our workplaces safe and Covid-secure for our employees, customers, and suppliers. We have also increased our focus on wellbeing to heighten our responsiveness during what has been a very stressful time.

We have worked hard over many years to create an inclusive culture with high levels of engagement, and this has been reflected in the outstanding efforts of our people over the last year. I would like to thank them all for their continued loyalty and efforts to tackle all the challenges that have faced us since the onset of the pandemic.

Board

Over the last 12 months we have made further appointments as Non-Executives rotate off the Board. As of today, we have two new Non-Executives who were appointed during the year, one of whom has been appointed since the publication of our last annual report.

Heather Savory joined the Board in March 2021 as a Non-Executive Director. Heather has a wealth of experience in the private and public sectors, and a special interest in the use of data. Heather has been appointed as the Chair of the Group's Sustainability Committee.

Additionally, Michael O'Donnell will join the Board as a Non-Executive Director with effect from 1 September 2021. Michael has significant private equity experience. Richard Cotton will be stepping down from the Board in July 2022, after serving his full term as a Non-Executive.

I have no doubt that they will make a significant contribution to Big Yellow in the coming years.

“Our investment case remains to provide consistent compounding returns from both income and growth from a **secure capital structure**”

Outlook

We can have no complaint as to the performance of the business over the last year. Risks remain and therefore, as always, we remain cautious. There are, however, reasonable grounds to have confidence in our business model having navigated two external crises of considerable proportion since the Global Financial Crisis.

The structural need for self storage is now firmly embedded and so, put simply, we are building more of it focussed on our core areas of London, its commuter towns, and major cities where the barriers to new supply remain high. This increase in capacity, combined with the cash flow growth we can derive from our existing portfolio, given its increased pricing power, will drive performance over the next few years.

The stores are approaching our target of 90% occupancy, we have fourteen sites in development, representing 20% growth to the existing capacity and we have ten times interest cover. Our investment case remains to provide consistent compounding returns from both income and growth from a secure capital structure.

Nicholas Vetch
Executive Chairman

24 May 2021

CEO introduction

This has been an extraordinarily difficult year for many throughout the country. If I think back to the second half of March 2020, this was a period of extreme uncertainty as we were having to consider a pandemic risk in the context of so many unknowns. We immediately set up our own Cobra operating committee, which made operational decisions on a daily and weekly basis, with regular communication, both internally and externally, through our digital platforms and social media.

As we are in storage and form part of distribution and logistics, we were able to continue trading throughout the last year. All of our colleagues have had to overcome formidable and unprecedented challenges and I am very proud of their efforts. Their response in March, following the lockdown, was exemplary and it allowed us to continue trading – to serve our customers many of whom were carrying out important work on behalf of the NHS and other charities and critical organisations. We continued providing services to our essential online and offline retailers, and also to our domestic customers many of whom needed storage at short notice, by way of example, students or hotel and hospitality workers who decided to return home when the first lockdown was introduced.

The safety of our employees, in particular those who were continuing to work in our stores, and in some cases the head office, and of our customers and contractors, was of paramount importance. We immediately invested in store protocols, with Perspex screens, signage, masks, and hand sanitiser, and then ensured that when the government protocols came out in mid-May we were in compliance. During the first lockdown we also took the decision to pay for private taxis for our employees who could not drive or cycle to work.

Despite all the turmoil we have continued to innovate and make Big Yellow not only a better business but also better for our communities and more environmentally sustainable; there is of course much more we can and will do.

For existing customers our stores allow automated access and we have a check-in process online that allows for minimal face-to-face contact in store. During the early Summer we implemented paperless move-ins throughout the business with the introduction of digital signature pads.

“Despite all the turmoil we have continued to innovate and make Big Yellow not only a better business but also better for our communities and more **environmentally sustainable**”

In March of this year, we launched a new improved check-in online process which allows customers to complete the majority of their move-in process remotely, this is saving a significant amount of time at the store, with very positive customer feedback.

We have formed a Sustainability Committee of the Board and are today announcing our plan on how we will go about achieving our goal of Net Renewable Energy positive ("NREP") in the coming years and eliminating our Scope 1 and 2 emissions. Full details of this plan can be found in our 2021 Annual Report due to be published in June.

The Big Yellow Foundation goes from strength to strength and helps to make the lives of some of the most vulnerable in our society a little better. We have also continued to support our network of over 200 local charities to whom we provide free storage and have also provided free space to the British Red Cross in a number of our stores to support their work with the NHS during the pandemic.

The work of the property team over the last few years is paying off – with new stores opening in Camberwell, Bracknell, and Battersea to be followed by more, driving external growth. All of this with a financially robust capital structure strengthened by the £80 million of equity we raised from shareholders earlier in the year.

We successfully moved all our key training modules online and this, alongside our digital appraisal system, customer feedback and employee engagement platforms, improve information, productivity, and efficiency. Two to three years ago we moved to reduce our reliance on recruitment consultants and recruit directly through digital channels, and this now covers over 90% of our recruitment, with significant savings. We were not able to conduct our annual employee engagement survey during the last 12 months but will be doing so this Autumn. Feedback from our wellbeing experts and operating teams would suggest levels of employee engagement remain high and we have seen a significant reduction in staff turnover over the year.

All of this investment is only possible if the business continues to succeed and it has therefore been pleasing to deliver a resilient performance over the year. We remain confident in our business model and are looking forward to our seasonally stronger summer trading period which will this year coincide with the gradual reopening of the economy. We remain focussed on our core objective of 90% occupancy across the portfolio, and as we further reduce vacant capacity, our pricing model will continue to deliver improved rental growth.

When we conceived of this business we wanted it to be a place where people would be happy working, would feel they had opportunity to progress, and they would be treated fairly, and so I am very pleased to see the work that is being done on diversity, equality and inclusion. For society as a whole, and for all businesses, this is, with climate change, the big challenge and will be a core focus going forward.

Jim Gibson
Chief Executive Officer

24 May 2021

Our key performance indicators

KPIs

The key performance indicators of our stores are occupancy and net rent per sq ft, which together drive the revenue of the business. These are three key measures which are focused on by the Board and are reported on a weekly basis. Over the course of the past five years, both occupancy and revenue have grown significantly, with particularly strong growth in the current financial year, after a weaker 2020 following the Brexit uncertainty and the initial impact of the UK lockdown in response to Covid-19.

In 2017 closing net rent increased by 0.5%, by 2.7% in 2018, by 2.0% in 2019, by 3.2% in 2020 and by 2.0% in the year to March 2021. Our key focus is on continuing to grow occupancy, with growth in net rent following once the stores have reached higher occupancy levels.

Adjusted profit before tax, adjusted earnings per share which drive the distributions to shareholders (as our dividend policy is to pay 80% of adjusted earnings as dividends) are also KPIs. The Group focuses on adjusted profit and earnings measures as they give a clearer underlying picture of the Group's trading performance without distortion from external factors such as property valuations and the fair value of derivatives. We have delivered compound adjusted eps and dividend growth of 5.3% over the past five years. Compound adjusted eps growth since 2004/5 is 13.6%. The growth in adjusted eps and dividends per share has been impacted by two equity placings in September 2018 and April 2020 to fund our investment in future external growth. The placings of 4.5% in 2018 (raising £65.3 million) and 4.99% equity in 2020 (raising £79.9 million) were dilutive to earnings over the period 2019 to 2021.

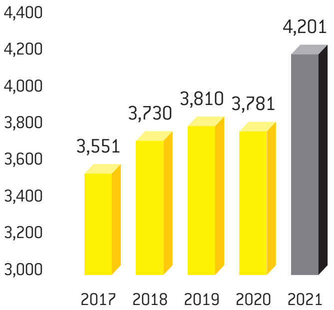
Our non-financial KPIs are the net promoter scores we receive from our customers and the carbon intensity of the Group's business. The Group's net promoter score received from its customers during the year was 82.9. This has increased by 8% over the past five years. We believe this overall score compares very favourably with other consumer facing businesses.

The Group has reduced its carbon intensity (our carbon emissions divided by our average occupied space) by 54% over the past five years. This has been achieved through investment in renewable technology, roof mounted solar photo-voltaic systems, and LED lighting across the Group's portfolio.

Closing occupancy (000 sq ft)

+420,000 sq ft

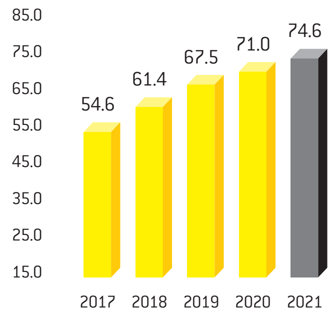
+650,000 sq ft over 5 years



Adjusted profit before tax (£m)

+5.1%

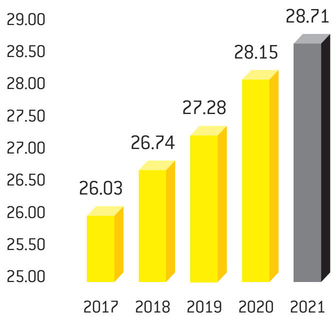
+36.6% over 5 years



Closing net rent per sq ft
(£)

+2.0%

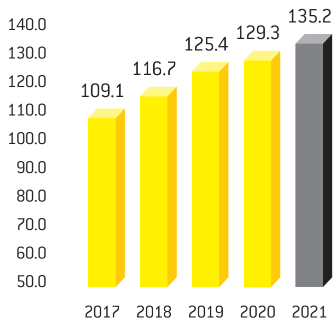
+10.3% over 5 years



Revenue
(£m)

+4.6%

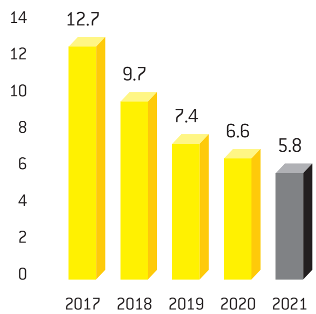
+23.9% over 5 years



Carbon intensity
(per sq m)

-12%

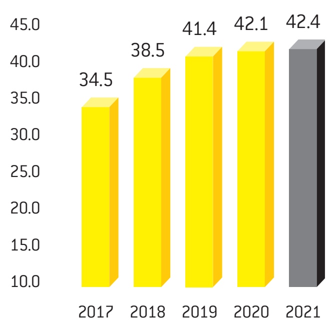
-54% over 5 years



Adjusted earnings per share
(pence)

+0.7%

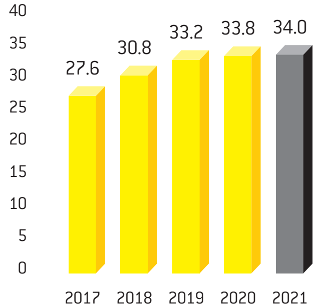
+22.9% over 5 years



Dividend per share
(pence)

+0.6%

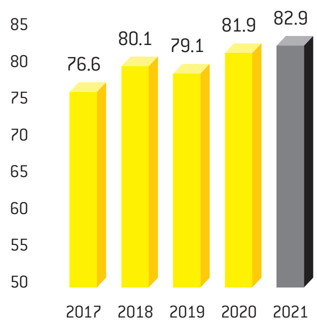
+23.2% over 5 years



Net Promoter Score

+1.0 ppt

+6.3 ppts over 5 years



Store performance

The store platform

We now have a portfolio of 78 open and trading Big Yellow stores, with a further 14 development sites. The current maximum lettable area of the 78 stores is 4.9 million sq ft. When fully built out the portfolio will provide approximately 5.9 million sq ft of flexible storage space.

In addition, we part-own and manage 25 Armadillo stores which are principally located in regional UK towns and cities, and operate from a platform of 1.1 million sq ft.

Activity

The table below shows the quarterly move-in and move-out activity for Big Yellow stores over the year:

	Total move-ins Year ended 31 March 2021	Total move-ins Year ended 31 March 2020	%	**Total move-outs Year ended 31 March 2021**	Total move-outs Year ended 31 March 2020	%
April to June	**13,560**	18,950	(28%)	**10,047**	14,742	(32%)
July to September	**20,867**	20,570	1%	**19,128**	22,520	(15%)
October to December	**16,323**	14,643	11%	**17,287**	17,424	(1%)
January to March	**15,616**	16,498	(5%)	**14,223**	15,286	(7%)
Total	**66,366**	70,661	(6%)	**60,685**	69,972	(13%)

As can be seen from the table above, both move-in and move-out activity were down over the year, with move-outs more impacted than move-ins. Activity levels have reduced, and rates of retention increased over the year. We believe this is partially a function of a change in customer mix, and also the impact of lockdown restrictions. Our stores are also more mature, and at higher levels of occupancy.

The Group's activity levels dropped significantly during the Spring full lockdown. As the lockdown eased from mid-May we saw increased activity from businesses and individuals, with the third quarter showing strong growth in move-in activity year on year. The lockdown during the fourth quarter caused activity levels to fall slightly year-on-year.

Business move-ins between 1 July 2020 and 31 March 2021 were up 19% year-on-year. The increase in business demand is being driven by online retailers, B2B traders looking for flexible mini-warehousing for e-fulfilment, the shortening of supply chains, and businesses looking to rationalise their other fixed costs of accommodation. This has resulted in an increase in the average size of our move-ins during the year (excluding students) from 66.4 sq ft to 70.3 sq ft.

The average space occupied by business customers at the period end has increased slightly to 180 sq ft. Domestic customers occupy on average 57 sq ft and pay on average 22% more in rent per sq ft, however business customers do stay longer and take more space, and represent around 31% of revenue.

Domestic demand was impacted by the "stay at home message" and the freezing of the housing market. The phased relaxation of lockdown from mid-May and reopening of the housing market, assisted by the stamp duty holiday led to an improvement in all aspects of short stay and longer stay domestic demand. Domestic move-ins between 1 July 2020 and 31 March 2021 were up 3.5% year-on-year.

Student move-ins were down 31% in the year. This is partly due to a spike in emergency move-ins in March 2020 as the lockdown was announced, whilst others were allowed to leave their belongings in their accommodation over the summer term. As at 31 March 2021 we were carrying an additional 24,000 sq ft of approximately 1,100 students in the business compared to normal, some of whom have moved out subsequently. However, the majority are likely to be those who have not yet returned to their universities, many of whom will have remained overseas.

Move-outs showed a similar decline to move-ins over the first quarter. In the second quarter move-outs were lower than the prior year, largely due to the reduction in move-ins during the preceding quarter. As can be seen from the table above, in our third quarter move-outs broadly normalised and were only down 1% compared to the prior year. The lockdown during the fourth quarter saw move-outs fall year-on-year, similar to the decline in move-ins over that quarter.

In all Big Yellow stores, occupancy for the year increased by 420,000 sq ft, against a fall of 29,000 sq ft in the prior year. The quarterly movement is shown in the table below:

Quarterly net occupancy movement	**Net sq ft Year ended 31 March 2021**	Net sq ft Year ended 31 March 2020	**Net move-ins Year ended 31 March 2021**	Net move-ins Year ended 31 March 2020
April to June	**138,000**	125,000	**3,513**	4,208
July to September	**187,000**	(25,000)	**1,739**	(1,950)
October to December	**(32,000)**	(165,000)	**(964)**	(2,781)
January to March	**127,000**	36,000	**1,393**	1,212
Total	**420,000**	(29,000)	**5,681**	689

The performance in the prior year was impacted by the uncertainty around Brexit, and in our third quarter in the run up to the general election, weighing on consumer confidence. The final quarter was impacted in March by the onset of the first lockdown. During this year, our quarter to June was driven by performance in May and June as restrictions started to ease. The second quarter showed strong occupancy gains, with move-outs remaining relatively low.

In our seasonally weakest third quarter the occupancy loss represented 0.6% of MLA, compared to 3.5% of the MLA in the prior year, driven by the growth in move-ins referred to above. The fourth quarter showed continued outperformance on the prior year, with 127,000 sq ft of occupancy growth as most of the economy was allowed to continue and many businesses in restricted sectors had innovated and adapted after the experience of the Spring 2020 lockdown.

The table below shows the change in occupancy by customer type over the year:

Customer type	Net sq ft change in year ended 31 March 2021	Net sq ft change in year ended 31 March 2020	Difference
Domestic	**267,000 sq ft**	11,000 sq ft	256,000 sq ft
Business	**145,000 sq ft**	(53,000 sq ft)	198,000 sq ft
Student	**8,000 sq ft**	13,000 sq ft	(5,000 sq ft)
Total	**420,000 sq ft**	(29,000 sq ft)	449,000 sq ft

The 70 mature stores are 88.0% occupied compared to 82.1% at the same time last year. The 2 established stores have increased in occupancy from 73.4% to 87.1%. The six developing stores added 108,000 sq ft of occupancy in the year to reach closing occupancy of 49.0%. Overall store occupancy has increased in the year from 80.7% to 85.2%. On a like-for-like basis, excluding Camberwell, Bracknell, and Battersea, which all opened in the year, closing occupancy was 87.4%, an increase of 6.7 percentage points.

All stores are now trading profitably at the EBITDA level. The table below shows the average key metrics across the store portfolio (from the Portfolio Summary on page 30) for the year ended 31 March 2021:

	Mature stores	Established stores	Developing stores	All stores
Average store capacity	63,650	62,000	58,200	63,200
Average sq ft occupied per store at 31 March 2021	56,000	54,000	28,500	53,850
Average % occupancy	88.0%	87.1%	49.0%	85.2%
Average revenue per store (£000)	1,802	1,471	559	1,698
Average EBITDA per store (£000)	1,269	977	182	1,178
Average EBITDA margin	70.4%	66.4%	32.6%	69.4%

Pricing and net rent per sq ft

Our core proposition remains a high-quality product, competitively priced, with excellent customer service, providing value for money to our customers. We offer a headline opening promotion of 50% off for up to the first 8 weeks, and we continue to manage pricing dynamically, taking account of room availability, customer demand and local competition.

Our pricing model reduces promotions and increases asking prices where individual units are in scarce supply. This lowering of promotions, coupled with price increases to existing and new customers, leads to an increase in achieved net rents. Rental growth can also be driven through sub-dividing larger rooms into smaller rooms, which yield a higher net rent per sq ft.

The average rate growth in the year was 1.1%. Net achieved rent per sq ft at 31 March 2021 grew by 2.0% over the financial year. At the outset of the pandemic, the Group supported our customers by suspending our existing customer price increase programme for the first four months of the financial year. Additionally, the Group provided assistance discounts to many of our customers, in particular small businesses, who were struggling for cash flow during the initial lockdown. This impacted the level of rental growth that the Group achieved during the year.

The table below shows the growth in closing net rent per sq ft for the portfolio (excluding the three new stores):

Average occupancy in the year	Number of stores	Net rent per sq ft growth from April 2020 to March 2021
0 to 75%	**3**	**2.0%**
75 to 80%	**8**	**0.2%**
80 to 85%	**33**	**1.6%**
Above 85%	**31**	**3.1%**

During the first half of the financial year, the billed rent the Group achieved from new move-ins was down 3% on the same period in the prior year. This was due to more promotions being offered, in particular during the first lockdown. Over the second half of the financial year, the billed rent to new move-ins was up 6% on the same period last year, reflecting the higher levels of occupancy and a reduction in promotions. For the year, the billed rent for move-ins was up 2% on the prior year.

Store performance (continued)

Development pipeline

We opened three new stores during the financial year. Their performance is shown in the table below:

Store	MLA	Opening date	Occupancy at 31 March 2021	EBITDA break even date
Camberwell	75,000 sq ft	July 2020	38%	March 2021
Bracknell	59,000 sq ft	September 2020	40%	March 2021
Battersea	70,000 sq ft	November 2020	26%	April 2021

We own a further 14 development sites, of which eight have planning consent. The status of the Group's development pipeline is summarised in the table below:

Site	Location	Status	Anticipated capacity
Uxbridge, London	Prominent location on Oxford Road	Planning consent granted in July 2019. Construction started in June 2020 with a view to opening in June 2021.	54,000 sq ft
Hayes, London	Prominent location on Hayes Road	Planning consent granted in July 2020. Construction commenced in January with a view to opening in early 2022.	73,000 sq ft
Hove	Prominent location on Old Shoreham Road	Planning consent granted in October 2019. Construction commenced in Autumn 2020 with a view to opening in Spring 2022.	58,000 sq ft
Harrow, London	Prominent location on Harrow View	Planning consent granted in November 2020. Construction commenced in May 2021 with a view to opening in Summer 2022.	82,000 sq ft
North Kingston, London	Prominent location on Richmond Road, Ham	Planning consent granted in September 2020. Construction to commence in Summer 2021 with a view to opening in Summer 2022.	56,000 sq ft
Kings Cross, London	Prominent location on York Way	Planning consent granted in October 2020. Construction commenced in early 2021 with a view to opening in Spring 2023.	106,000 sq ft
Wembley, London	Prominent location on Towers Business Park	Planning consent granted in August 2020. Discussions ongoing to secure vacant possession.	70,000 sq ft
Queensbury, London	Prominent location off Honeypot Lane	Site acquired in November 2018. Planning consent granted in November 2019.	58,000 sq ft
Slough	Prominent location on Bath Road	Site acquired in April 2019. Planning application submitted in March 2021.	90,000 sq ft
Staines, London	Prominent location on the Causeway	Site acquired in December 2020. Planning application to be submitted in Autumn 2021.	65,000 sq ft
Epsom, London	Prominent location on East Street	Site acquired in March 2021. Planning application to be submitted in Autumn 2021.	56,000 sq ft
Kentish Town, London	Prominent location on Regis Road	Site acquired in April 2021. Planning application to be submitted in Winter 2021/22.	68,000 sq ft
Wapping, London	Prominent location on the Highway, adjacent to existing Big Yellow store	Site acquired in July 2020. Planning application to be submitted in Autumn 2021.	Additional 95,000 sq ft
Newcastle	Prominent location on Scotswood Road	Planning application submitted in November 2020, awaiting decision.	60,000 sq ft
Total			**991,000 sq ft**

The Group manages the construction and fit-out of its stores in-house, as we believe it provides both better control and quality, and we have an excellent record of building stores on time and within budget.

Armadillo Self Storage

The Group has a 20% investment in Armadillo Self Storage, with the balance of 80% held by an Australian consortium. The Armadillo platform has 25 stores and 1.1 million sq ft of MLA. Armadillo is a lower-frills brand, with largely freehold conversions of existing buildings. They have an average capacity of 43,000 sq ft (lower than the 63,000 sq ft average for Big Yellow stores). Armadillo provides operational advantages to the Group, such as a wider platform to sell to national customers, more opportunities for recruitment and promotion, and more efficient use of the Company's marketing and central overhead costs. Armadillo continues to look for opportunities in smaller towns and cities to add to its platform.

Marketing and Operational Review

Marketing and ecommerce

Our marketing strategy focuses on building our market-leading brand awareness further and using it to maximise the cost-efficient generation of enquiries, customer move-ins and user satisfaction through our digital platforms. Our strong brand and continued digital investment and innovation has helped us create a market-leading website which delivers over 90% of our enquiries.

It was therefore pleasing that our annual YouGov survey (published April 2021) again confirmed that the brand awareness of Big Yellow remained ahead of other UK operators in the sector. The survey shows our unprompted brand awareness to be nearly six times higher than our nearest competitor both in London and across the UK.

The Big Yellow website allows users to browse different room sizes, obtain a price, reserve online and finally check-in online. The online customer experience also features Live Chat allowing customers to communicate with us in real-time via traditional Live Chat and also through WhatsApp and Facebook Messenger. Our popular and comprehensive online FAQs provide our users with another way to ask questions they may have about the service without needing to call us directly.

Over the past year we have developed our digital experience further through a complete redesign of our online check-in platform. This allows customers to complete the majority of their move-in process remotely. For example, they can upload their photo and identity documents, sign the full customer licence, set up authorised persons, complete their storage inventory and set up a paperless Direct Debit – all done remotely. This seamless user experience has drastically cut down the time our customers need to spend in our receptions when they move-in. The final process is completed through our in-store digital signature pads.

Our investment in our online check-in in recent years allowed us to manage enquiries and move-in customers with minimal physical contact since the onset of the pandemic and is there as an option for customers going forward, who for example may wish to send their removal company to the store and deal with everything from home.

We also offer the ability to purchase boxes and packing materials through our online BoxShop store. These can be home delivered or made available for our Click and Collect service from stores. Our online sales in the last 12 months have experienced a significant uplift with the increase in online shopping trends and the impact of many domestic customers working more flexibly.

Driving online traffic

Self storage is a consumer-facing business and the development of a strong and sustainable brand is multi-layered and requires a consistency of product, customer service and interaction at all touch points, particularly online.

Search engines are the most important acquisition tool for us, accounting for the majority of traffic to our website. Our focus for a competitive advantage on search continues and search engine optimisation ("SEO") work has helped us to maintain high organic listings for popular generic and local self storage related search terms. This in turn drives the growth and cost efficiencies of acquiring new prospects.

Brand search terms are also a valuable driver of enquiries for Big Yellow and help improve the efficiencies of our cost per enquiry. 35% of all traffic generated from search engines to our website originated from "Big Yellow" brand searches in the year.

This clearly indicates, although self storage is a relatively immature industry with approximately 70% of customers using it for the first time, brand is important in driving higher levels of prospects and customer referrals, leading to improved operational efficiencies. We have demonstrated this through significant improvements in the performance of existing storage centres following their acquisition, re-branding, and assimilation into our business.

Search engine marketing remains our largest source of paid for web traffic. Ongoing website optimisation and an engaging user experience through our digital platforms helps ensure we maximise the conversion of these web visits into enquiries and then customers.

Digital display advertising enables us to regionally target audiences in the market for self storage, raising consideration of the service and the Big Yellow brand through engaging creatives.

Online customer reviews and social media

Supporting our values of putting the customer at the heart of our business, our online customer reviews generate real-time feedback from customers and provide positive word of mouth referral to our website visitors. Through our 'Big Impressions' customer feedback programme, we ask our new customers to rate our service. With the users' permission, we then publish these independent customer reviews on the Big Yellow website which currently total 37,800, averaging 4.8 out of 5.

The Big Impressions programme also generates customer feedback on their move-out experience and from prospects who decided not to store with us. These customer reviews and mystery shop results are transparently accessible across the business and helps reinforce our focus on outstanding customer service.

We also gain real-time customer feedback from over 12,000 Google Reviews averaging 4.6 out of 5. These help to enhance our visibility within local search listings conveying trust in the Big Yellow brand. Additionally, we have over 2,500 reviews from the independent review site TrustPilot. These reviews average a 4.7 out of 5-star rating, labelled as "Excellent" on the TrustPilot ratings scale.

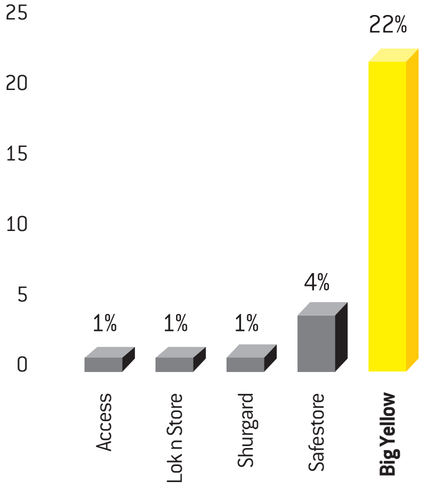
We monitor our customer reviews and respond where necessary for customer service reasons or to manage our online reputation and improve our service offering.

Social media continues to be complementary to our existing marketing channels. Big Yellow actively posts content across Twitter, Facebook and Instagram which help to raise awareness of our CSR activities. These social channels are also used by customers to connect with us and are monitored in real-time, enabling us to respond promptly to any enquiries.

The Big Yellow LinkedIn platform is used to communicate company achievements, CSR initiatives and to present an honest picture of what it is like to work for Big Yellow. It is also central in our drive towards more direct recruitment.

The Big Yellow YouTube channel is used to allow web prospects to experience our stores online through our video guides to self storage. The online blog is updated regularly with tips and advice for homeowners and businesses, as well as summaries of our charitable and CSR initiatives.

Unprompted brand awareness for the UK (%)



Source: YouGov commissioned survey by the UK Self Storage Association January 2021

Sustainability

We have developed a new long-term strategy to become Net Renewable Energy Positive and deliver Net Zero Scope 1 and 2 Emissions targets, which will be funded with significant investment from the Group over the next few years. The main delivery vehicle for this new strategy will be the installation of solar generation capacity onto our existing store estate. By 2025, we expect to have completed a multi-million pound investment in renewable energy generation both on the roofs of our estate and also at other locations.

We will be publishing with our Annual Report in June a standalone Strategy document that sets out our Commitments, Actions and Timelines to become 100% Renewable Energy Positive and Net Zero Scope 1 and 2 Emissions by 2030.

Governance of this ambitious programme has been enhanced during the year through the creation of a Board Sustainability Committee, chaired by Heather Savory, Non-Executive Director.

The sustainability performance highlights for the year are:

- the solar stores generated nearly 18% of their electricity needs;
- onsite solar energy generated versus electricity and gas purchased in the year was 6.7% (2020: 6.1%);
- our absolute energy use and emissions have decreased; this is explained through an increase in solar, a greener grid and through lower customer activity in our stores during the pandemic, particularly during the initial lockdown; and
- our market-based Scope 2 emissions are now zero, thanks to our Renewable Energy Guarantees of Origin ("REGO") backed 100% renewable electricity from Opus Energy.

Foundation and charitable activities

The Big Yellow Foundation has adopted a seventh charity partner, Street League, during the year. The Foundation has continued to support our six established charity partners during the year as well as Street League. The Foundation has raised funds of over £220,000 during the year and has paid out nearly £150,000 in grants.

At the end of March 2021, over one third of customers (the average of our move-ins and move-outs) opted to contribute to our Foundation. Initially this level was impacted by the pandemic but has bounced back and now exceeds pre-pandemic levels.

Big Yellow's community investment for the year, delivered via discounted space, was £334,000, £307,000 of which was given free of charge. Our stores allocate this space to worthy local charitable organisations and not-for-profits and we house different organisations, from foodbanks to small community groups to NHS partners. We accommodated the British Red Cross in 27 locations and the free space to the Red Cross alone was worth just over £37,000.

Cyber security and IT infrastructure

Cyber security remains high on the agenda within the Group and we make investment where required in response to the ever-changing threat landscape. Using both external specialists and in-house knowledge we perform regular reviews of our cyber risk and security posture. Testing of both systems and people is carried out on a regular basis, including penetration testing and phishing simulations.

Our Data Compliance Officer oversees our ongoing compliance with GDPR and PCI DSS. The role also includes Business Continuity and Crisis Communication management. Policies and procedures are under regular review and benchmarked against industry best practice. There are mandatory courses for all staff to complete both for Information Security and Data Protection.

Our Infrastructure and Development teams continue to drive innovation and efficiencies throughout the Group. During the pandemic our technology team were able to provide uninterrupted secure access to IT services regardless of the access being required in store, in the office or at home.

The self storage market opportunity

In the recently published 2021 Self Storage Association UK Survey, only 50% of those surveyed had a reasonable or good awareness of self storage. Furthermore, only 8% of the 2,092 adults surveyed were currently using self storage or were thinking of using self storage in the next year. This indicates a continued opportunity for growth and with increasing use of self storage, together with the ongoing marketing efforts of everyone in the industry, we anticipate awareness will continue to grow.

Self storage is not a commoditised product and awareness is driven largely by businesses and individuals using self storage. Consequently, the increase in awareness over time has been relatively slow, with good awareness of self storage increasing from 38% in 2014 to 50% in 2021 across the UK (source: UK SSA Survey 2021). Our YouGov Survey carried out in April 2021 showed higher levels of awareness in London of 61%.

Occupancy rates across the UK industry at the end of 2020 of built space was 82.3%, compared with approximately 60% in December 2008. This has increased from 76.2% at the end of 2019.

Growth in new facilities across the industry has been largely in regional areas of the UK and particularly in smaller towns. Historically, new supply creation in our core markets in London and the South East, has been difficult, with high land values driven by competing uses such as residential and urban industrial. In London in the year to 31 December 2020, there were five new store openings, including two new Big Yellow stores. We are aware of four planned store openings in London in calendar year 2021, including one Big Yellow store.

Marketing and Operational Review (continued)

The Self Storage Association ("SSA") estimates that the UK industry is made up of approximately 2,000 self storage facilities (of which 598 are purely container operations), providing 50.6 million sq ft of self storage space, equating to 0.74 sq ft per person in the UK. This compares to 9.4 sq ft per person in the US, 1.9 sq ft per person in Australia and 0.15 sq ft for mainland Europe, where the roll-out of self storage is a more recent phenomenon (sources: UK Self Storage Association Surveys, May 2020 and May 2021 and FEDESSA European Self Storage Annual Survey 2020).

Big Yellow is well placed to benefit from the growing self storage market, given the strength of our brand, and our online platform which delivers over 90% of our prospect enquiries. Our portfolio is strategically focussed on London, the South East and large metropolitan cities, where barriers to entry and economic activity are at their highest.

Store operating model

The Big Yellow store model is well established. The "typical" store has 60,000 sq ft of MLA and takes some three to four years to achieve 85% plus occupancy. The average room size occupied in the portfolio is currently 67 sq ft, in line with last year. The store is open seven days a week and is initially run by three staff, with a part time member of staff added once the store occupancy justifies the need for the extra administrative and sales support.

The drive to improve store operating standards and consistency across the portfolio remains a key focus for the Group. Excellent customer service is at the heart of our business objectives, as a satisfied customer is our best marketing tool. We measure customer service standards through a programme of mystery shopping and online customer reviews, which are externally managed. Over the year, we have achieved an average net promoter score of 82.9 from customers who moved in and moved out of the business.

The store bonus structure rewards occupancy performance, sales growth and cost control through quarterly targets based on occupancy and store profitability, including the contribution from ancillary sales of insurance, and packing materials. Information on bonus build-up is circulated monthly and stores are consulted in preparing their own targets and budgets each quarter, leading to improved visibility, a better understanding of sales lines and control of operating costs.

We believe that, as a consumer-facing branded business, it is paramount to maintain the quality of our estate and customer offering. We therefore continue to invest in preventative maintenance, store cleaning and the repair and replacement of essential equipment, such as lifts and gates. The ongoing annual expenditure is approximately £38,000 per store, which is included within cost of sales. This excludes our rolling programme of store makeovers, which typically take place every five years, at a cost of approximately £20,000 per store.

Demand

Demand for self storage is largely driven by need, with security, convenience, quality of product, service and location being key drivers. Awareness remains relatively low compared to commoditised products, such as hotel rooms or airline seats, albeit it is increasing slowly year-on-year with increased supply, marketing expenditure and customer use.

We are confident that Big Yellow benefits disproportionately from this improving market for our product, due to our market-leading brand and operating platform with our focus on London, the South East and large metropolitan cities.

Customers renting storage space whilst moving within the rental or owner-occupied sectors represent 39% of move-ins during the year (2020: 39%), split approximately 60/40 between homeowners and renters (2020: 51/49). 13% of our customers who moved in took storage space as a spare room for decluttering (2020: 12%). 34% of our customers used the product because some event has occurred in their lives generating the need for storage; they may be moving abroad for a job, have inherited possessions, are getting together or separating, are students who need storage during the holidays, or homeowners developing into their lofts or basements (2020: 37%). The balance of 14% of our new customer demand during the year came from businesses (2020: 12%).

Of our overall occupied space today, customers who are longer stay lifestyle users, decluttering into small rooms as an extension to their accommodation, occupy 10% to 15% of our space; approximately 50% of the space is customers using it for less than 12 months, for reasons which are largely event driven, which could be inheritance, moving in the owner occupied or rental sector, home improvements, travelling; the balance of 36% of our space is businesses. Businesses occupy larger rooms on average than domestic customers and, despite being in 36% of the occupied space only represent 20% of customer numbers.

Over the past few years, there has been a growing trend towards self-employment and smaller business start-ups in the UK, dynamics that are positive for self storage. Additionally, businesses in the UK have been increasingly seeking flexible office and storage space rather than longer inflexible leases. The current crisis has accelerated the structural changes in retail that were already occurring, resulting in more demand from online retailers looking to trade without a physical high street presence. The deindustrialisation of big cities with the conversion of commercial space into residential and other uses, is also a driver for demand from the SME market seeking flexible warehouse space. We believe that these long-term trends will continue to drive demand for our product.

The Group commissioned an external survey a couple of years ago to assess the value the average Big Yellow store generates for its local economy to assist our discussion with local authorities around planning. Key highlights were:

- the average store is home to 105 different businesses who between them employ 300 people as a direct result of their occupation;
- 60% of the businesses that occupy our stores are start-ups who have never rented space anywhere else before; and
- For over half of the businesses, this is the only space they rent, for others this complements their other space.

Given the growth in homeworking fuelled by the lockdown, this trend of businesses choosing to operate without needing the expense of office space may increase. Furthermore, increased homeworking in general may result in domestic customers taking small rooms to declutter and create space for home offices.

We have a dedicated national customers team for businesses who wish to occupy space in multiple stores. These customers are billed and managed centrally. We have four full time members of staff working on growing and managing our national customers. The national customers team can arrange storage at short notice at any location. In smaller towns where we do not have representation, we have negotiated sub-contract arrangements with other operators who meet certain operating standards.

Portfolio Summary – Big Yellow Stores

	2021				2020			
	Mature[1]	Established	Developing	Total	Mature	Established	Developing	Total
Number of stores	70	2	6	78	70	2	3	75
At 31 March:								
Total capacity (sq ft)	4,457,000	124,000	349,000	4,930,000	4,418,000	124,000	146,000	4,688,000
Occupied space (sq ft)	3,922,000	108,000	171,000	4,201,000	3,627,000	91,000	63,000	3,781,000
Percentage occupied	88.0%	87.1%	49.0%	85.2%	82.1%	73.4%	43.2%	80.7%
Net rent per sq ft	£28.98	£25.32	£24.74	£28.71	£28.32	£23.63	£25.48	£28.15
For the year:								
REVPAF[2]	£28.42	£23.73	£12.78	£27.44	£27.39	£21.35	£12.21	£26.77
Average occupancy	85.8%	83.1%	40.4%	83.2%	83.8%	79.8%	35.5%	82.2%
Average annual rent psf	£28.37	£24.08	£24.62	£28.16	£28.03	£22.61	£25.65	£27.86
	£000	£000	£000	£000	£000	£000	£000	£000
Self storage income	108,022	2,491	2,606	113,119	103,767	2,233	1,293	107,293
Other storage related income[3]	17,494	441	628	18,563	16,657	404	310	17,371
Ancillary store rental Income	656	10	120	786	580	10	120	710
Total store revenue	126,172	2,942	3,354	132,468	121,004	2,647	1,723	125,374
Direct store operating costs (excluding depreciation)	(35,402)	(988)	(2,253)	(38,643)	(33,930)	(960)	(1,275)	(36,165)
Short and long leasehold rent[4]	(1,935)	–	(9)	(1,944)	(1,977)	–	(14)	(1,991)
Store EBITDA[5]	88,835	1,954	1,092	91,881	85,097	1,687	434	87,218
Store EBITDA margin	70.4%	66.4%	32.6%	69.4%	70.3%	63.7%	25.2%	69.6%
Deemed cost	£m	£m	£m	£m				
To 31 March 2021	588.6	21.2	79.8	689.6				
To complete	–	–	0.4	0.4				
Total	588.6	21.2	80.2	690.0				

(1) The mature stores have been open for more than six years at 1 April 2020. The established stores have been open for between three and six years at 1 April 2020 and the developing stores have been open for fewer than three years at 1 April 2020.
(2) See glossary in note 33.
(3) Insurance, packing materials and other storage related fees.
(4) Rent for six mature short leasehold properties accounted for as investment properties and right-of-use assets under IFRS with total self storage capacity of 339,000 sq ft, and a long leasehold lease-up store with a capacity of 64,000 sq ft. The EBITDA margin for the 64 freehold mature stores is 72%, and 47% for the six leasehold mature stores.
(5) The table below reconciles Store EBITDA to gross profit in the statement of comprehensive income.

	Year ended 31 March 2021 £000			Year ended 31 March 2020 £000		
	Store EBITDA	Reconciling items	Gross profit per statement of comprehensive income	Store EBITDA	Reconciling items	Gross profit per statement of comprehensive income
Store revenue/Revenue[6]	132,468	2,773	135,241	125,374	3,939	129,313
Cost of sales[7]	(38,643)	(2,946)	(41,589)	(36,165)	(2,708)	(38,873)
Rent[8]	(1,944)	1,944	–	(1,991)	1,991	–
	91,881	1,771	93,652	87,218	3,222	90,440

(6) See note 3 of the financial statements, reconciling items are management fees and non-storage income.
(7) See reconciliation in cost of sales section in Financial Review on page 36.
(8) The rent shown above is the cost associated with leasehold stores, only part of which is recognised within gross profit in line with right-of-use asset accounting principles. The amount included in gross profit is shown in the reconciling items in cost of sales.

Our stores

An unrivalled portfolio of stores across London, the South East and other large metropolitan cities.

Battersea, November 2020
MLA – 70,000 sq ft

Bracknell, September 2020
MLA – 59,000 sq ft

Camberwell, July 2020
MLA – 75,000 sq ft

Manchester, May 2019
MLA – 60,000 sq ft

Wapping, July 2018
MLA – 30,000 sq ft

Guildford Central, March 2018
MLA – 55,000 sq ft

Twickenham 2, April 2016
MLA – 22,000 sq ft

Nine Elms, April 2016
MLA – 65,000 sq ft

Cambridge, January 2016
MLA – 60,000 sq ft

Enfield, April 2015
MLA – 60,000 sq ft

Chester, February 2015
MLA – 69,000 sq ft

Oxford 2, July 2014
MLA – 35,000 sq ft

Gypsy Corner, April 2014
MLA – 70,000 sq ft

Chiswick, April 2012
MLA – 73,000 sq ft

New Cross, February 2012
MLA – 61,000 sq ft

Stockport, September 2011
MLA – 65,000 sq ft

Eltham, April 2011
MLA – 70,000 sq ft

Camberley, January 2011
MLA – 67,000 sq ft

High Wycombe, June 2010
MLA – 60,000 sq ft

Reading, December 2009
MLA – 62,000 sq ft

Sheffield Bramall Lane, September 2009
MLA – 60,000 sq ft

Poole, August 2009
MLA – 55,000 sq ft

Nottingham, August 2009
MLA – 67,000 sq ft

Edinburgh, July 2009
MLA – 63,000 sq ft

Twickenham, May 2009
MLA – 73,000 sq ft

Liverpool, March 2009
MLA – 60,000 sq ft

Bromley, March 2009
MLA – 71,000 sq ft

Birmingham, February 2009
MLA – 60,000 sq ft

Sheen, December 2008
MLA – 64,000 sq ft

Sheffield Hillsborough, October 2008
MLA – 60,000 sq ft

Kennington, May 2008
MLA – 66,000 sq ft

Merton, March 2008
MLA – 70,000 sq ft

Fulham, March 2008
MLA – 138,000 sq ft

Balham, March 2008
MLA – 61,000 sq ft

Barking, November 2007
MLA – 64,000 sq ft

Ealing Southall, November 2007
MLA – 57,000 sq ft

Sutton, July 2007
MLA – 70,000 sq ft

Gloucester, December 2006
MLA – 50,000 sq ft

Edmonton, October 2006
MLA – 75,000 sq ft

Kingston, August 2006
MLA – 62,000 sq ft

Bristol Ashton Gate, July 2006
MLA – 61,000 sq ft

Finchley East, May 2006
MLA – 54,000 sq ft

Tunbridge Wells, April 2006
MLA – 57,000 sq ft

Bristol Central, March 2006
MLA – 64,000 sq ft

North Kensington, December 2005
MLA – 50,000 sq ft

Leeds, July 2005
MLA – 76,000 sq ft

Beckenham, May 2005
MLA – 71,000 sq ft

Tolworth, November 2004
MLA – 56,000 sq ft

Watford, August 2004
MLA – 64,000 sq ft

Swindon, April 2004
MLA – 53,000 sq ft

Orpington, December 2003
MLA – 64,000 sq ft

Byfleet, November 2003
MLA – 48,000 sq ft

Chelmsford, April 2003
MLA – 54,000 sq ft

Finchley North, March 2003
MLA – 62,000 sq ft

West Norwood, January 2003
MLA – 57,000 sq ft

Colchester, December 2002
MLA – 54,000 sq ft

Bow, November 2002
MLA – 132,000 sq ft

Brighton, October 2002
MLA – 59,000 sq ft

Guildford Slyfield, June 2002
MLA – 55,000 sq ft

New Malden, May 2002
MLA – 81,000 sq ft

Hounslow, December 2001
MLA – 54,000 sq ft

Ilford, November 2001
MLA – 58,000 sq ft

Cardiff, October 2001
MLA – 74,000 sq ft

Portsmouth, October 2001
MLA – 61,000 sq ft

Norwich, September 2001
MLA – 47,000 sq ft

Dagenham, July 2001
MLA – 51,000 sq ft

Wandsworth, April 2001
MLA – 72,000 sq ft

Luton, March 2001
MLA – 41,000 sq ft

Southend, March 2001
MLA – 57,000 sq ft

Staples Corner, March 2001
MLA – 112,000 sq ft

Romford, November 2000
MLA – 70,000 sq ft

Milton Keynes, September 2000
MLA – 60,000 sq ft

Cheltenham, April 2000
MLA – 50,000 sq ft

Slough, February 2000
MLA – 67,000 sq ft

Hanger Lane, October 1999
MLA – 66,000 sq ft

Oxford, August 1999
MLA – 33,000 sq ft

Croydon, July 1999
MLA – 79,000 sq ft

Richmond, May 1999
MLA – 35,000 sq ft

Portfolio Summary – Armadillo Stores

	2021	2020
Number of stores	**25**	25
At 31 March:		
Total capacity (sq ft)	**1,083,000**	1,063,000
Occupied space (sq ft)	**908,000**	799,000
Percentage occupied	**83.8%**	75.2%
Net rent per sq ft	**£18.38**	£17.84
For the year:		
REVPAF	**£16.75**	£16.04
Average occupancy	**79.5%**	77.5%
Average annual rent psf	**£17.85**	£17.55
	£000	£000
Self storage income	**15,263**	14,195
Other storage related income	**2,680**	2,502
Ancillary store rental income	**59**	41
Total store revenue	**18,002**	16,738
Direct store operating costs (excluding depreciation)	**(7,000)**	(6,746)
Leasehold rent	**(554)**	(566)
Store EBITDA[1]	**10,448**	9,426
Store EBITDA margin	**58.0%**	56.3%
Cumulative capital expenditure	**£m**	
To 31 March 2021	**85.7**	
To complete	**0.2**	
Total capital expenditure	**85.9**	

(1) Store earnings before interest, tax, depreciation, amortisation, and management fees charged by Big Yellow to the Armadillo portfolios (see note 27).

(2) The Group has a 20% interest in Armadillo. The figures shown above represent 100% of Armadillo's performance. Note 14e contains more information on the Group's share of Armadillo's financial performance.

Financial Review

Revenue

Total revenue for the year was £135.2 million, an increase of £5.9 million (4.6%) from £129.3 million in the prior year. Like-for-like store revenue for the year was £131.2 million, an increase of 4.9% from the prior year (2020: £125.1 million). Like-for-like revenue excludes Manchester, which opened in the prior year and Camberwell, Bracknell, and Battersea, which all opened in the current year.

Other sales (included within the above), comprising the selling of insurance, packing materials and storage related charges, represented 14.0% of total store revenue for the year (2020: 13.9%) and generated revenue of £18.6 million for the year compared to £17.4 million in 2020.

The other revenue earned by the Group is management fee income from Armadillo and tenant income on sites where we have not started development. During the prior year, the Group recognised in revenue a £1 million performance fee due from Armadillo Storage Holding Company 2 Limited, for the performance of the fund over its initial five-year term. No performance fees were due in the year ended 31 March 2021.

Operating costs

Cost of sales principally comprise the direct store operating costs, including store staff salaries, utilities, business rates, insurance, a full allocation of the central marketing budget and repairs and maintenance.

The Group did not furlough any employees during the year and did not take any financial assistance from the government.

The breakdown of the portfolio's operating costs compared to the prior year is shown in the table below:

Category	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000	% change	% of store operating costs in 2021
Cost of sales (insurance and packing materials)	**3,096**	2,791	11%	8%
Staff costs	**10,359**	9,593	8%	27%
General & admin	**1,138**	1,255	(9%)	3%
Utilities	**1,482**	1,469	1%	4%
Property rates	**12,527**	12,022	4%	32%
Marketing	**5,394**	5,474	(1%)	14%
Repairs & maintenance	**2,987**	2,777	8%	8%
Insurance	**970**	938	3%	2%
Computer costs	**690**	638	8%	2%
Total before one-off items	**38,643**	**36,957**	**4.6%**	
One-off items	–	(792)	(100%)	
Total per portfolio summary	**38,643**	**36,165**	**6.9%**	

Store operating costs have increased by £2.5 million (6.9%). There were two one-off items in the prior year: a rates rebate on a store, and a significant backdated utilities recharge to our telecom mast provider, totalling £0.8 million. Store operating costs before these one-off items have increased by £1.7 million (4.6%) compared to the prior year.

The incremental operating costs of the new stores amount to £1.0 million; excluding these new stores and the prior year one-off items, the increase is £0.7 million (1.9%). Cost of sales of insurance and packing materials have increased in line with revenue. Staff costs have increased principally as a result of higher bonuses paid during the year. General and admin expenses have fallen, principally due to less travel during the year, partly offset by expenditure on PPE for our stores and head office. Computer costs are up 8% due to an increased investment in cyber security. Other increases in cost are largely inflationary.

The table below reconciles store operating costs per the portfolio summary to cost of sales in the statement of comprehensive income:

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Direct store operating costs per portfolio summary (excluding rent)	**38,643**	36,165
Rent included in cost of sales (total rent payable is included in portfolio summary)	**1,272**	1,276
Rent review accruals	**445**	–
Depreciation charged to cost of sales	**320**	348
Head office and other operational management costs charged to cost of sales	**909**	1,084
Cost of sales per statement of comprehensive income	**41,589**	38,873

Store EBITDA

Store EBITDA for the year was £91.9 million, an increase of £4.7 million (5.4%) from £87.2 million for the year ended 31 March 2020 (see Portfolio Summary). The overall EBITDA margin for all Big Yellow stores decreased slightly to 69.4% (2020: 69.6%); this was due to opening three new stores in the year. The EBITDA margin for the mature and established stores rose year on year.

Administrative expenses

Administrative expenses in the statement of comprehensive income of £12.2 million were up £1.7 million compared to the prior year. The increase is principally due an increase in the share-based payments charge (£0.6 million), an increase national insurance on LTIPs (£0.5 million), a higher vesting percentage for the Directors' deferred bonus plan in the year and higher annual bonuses to our team (£0.2 million) following the strong trading in the year, with the balance inflationary.

The non-cash share-based payments charge represents £2.9 million of the overall £12.2 million expense.

Interest expense on bank borrowings

The gross bank interest expense for the year was £9.4 million, a decrease of £1.2 million from the prior year. The average cost of borrowing during the year was 2.9% compared to 2.6% in the prior year. Average debt levels were lower than in the prior year following the placing in April 2020.

Capitalised interest increased by £0.6 million from the prior year, due to the increased construction programme.

Total finance costs in the statement of comprehensive income decreased to £8.2 million from £10.8 million in the prior year.

Profit before tax

The Group made a profit before tax in the year of £265.8 million, compared to a profit of £93.4 million in the prior year. After adjusting for the gain on the revaluation of investment properties and other matters shown in the table below, the Group made an adjusted profit before tax in the year of £74.6 million, up 5.1% from £71.0 million in 2020. There were one-off items in the prior year: a performance fee earned from Armadillo 2 (£1.0 million) and one-off credits in operating costs (£0.8 million – see above). If these are eliminated from the prior year, this year's adjusted profit before tax would have increased 7.8% from that figure.

Profit before tax analysis	2021 £000	2020 £000
Profit before tax	265,822	93,447
Gain on revaluation of investment properties	(189,277)	(23,193)
Movement in fair value on interest rate derivatives	148	908
Gain on disposal of investment property	–	(57)
Share of associate fair value gains and losses	(2,068)	(107)
Adjusted profit before tax	74,625	70,998

The movement in the adjusted profit before tax from the prior year is illustrated in the table below:

	£m
Adjusted profit before tax – year ended 31 March 2020	71.0
Increase in gross profit	3.2
Reduction in net interest payable	1.2
Increase in administrative expenses	(1.7)
Increase in share of adjusted profit of associates	0.3
Increase in capitalised interest	0.6
Adjusted profit before tax – year ended 31 March 2021	**74.6**

Basic earnings per share for the year was 152.3p (2020: 55.8p) and fully diluted earnings per share was 151.8p (2020: 55.6p). Diluted EPRA earnings per share based on adjusted profit after tax was up 0.7% to 42.4p (2020: 42.1p) (see note 12). The increase in earnings per share is lower than that reported for adjusted profit before tax due to the dilution from the equity placing in April 2020. EPRA earnings per share equates to the Company's adjusted earnings per share in the current year.

REIT status

The Group converted to a Real Estate Investment Trust ("REIT") in January 2007. Since then the Group has benefited from a zero tax rate on the Group's qualifying self storage earnings. The Group only pays tax on the profits attributable to our residual business, comprising primarily of the sale of packing materials and insurance, and fees earned from the management of the Armadillo portfolio.

REIT status gives the Group exemption from UK corporation tax on profits and gains from its qualifying portfolio of UK stores. Revaluation gains on developments and our existing open stores are exempt from corporation tax on chargeable gains, provided certain criteria are met.

The Group has a rigorous internal system in place for monitoring compliance with criteria set out in the REIT regulations. On a monthly basis, a report on compliance with these criteria is issued to the Executive. To date, the Group has complied with all REIT regulations, including forward looking tests.

Taxation

There is a tax charge in the current year of £0.6 million. This compares to a charge in the prior year of £0.9 million. The reduction in the current year tax charge reflects higher deductions allowed in the current year for tax purposes from the exercise of share options, and last year's charge included the taxation on the £1 million performance fee earned from Armadillo.

Dividends

The Board is recommending the payment of a final dividend of 17.0 pence per share in addition to the interim dividend of 17.0 pence, giving a total dividend for the year of 34.0 pence, an increase of 0.6% from the prior year.

Financial Review (continued)

REIT regulatory requirements determine the level of Property Income Distribution ("PID") payable by the Group. On the basis of the full year distributable reserves for PID purposes, a PID of 32.0 pence per share is payable (31 March 2020: 30.6 pence). The balance of the total annual dividend represents an ordinary dividend declared at the discretion of the Board, in line with our policy to distribute 80% of our adjusted earnings per share in each reporting period. The PID for the year to 31 March 2021 accounts for 94% of the total dividend. The table below summarises the declared dividend for the year:

Dividend (pence per share)		31 March 2021	31 March 2020
Interim dividend	– PID	17.0p	17.1p
	– discretionary	nil p	nil p
	– total	17.0p	17.1p
Final dividend	– PID	15.0p	13.5p
	– discretionary	2.0p	3.2p
	– total	17.0p	16.7p
Total dividend	– PID	32.0p	30.6p
	– discretionary	2.0p	3.2p
	– total	34.0p	33.8p

Subject to approval by shareholders at the Annual General Meeting to be held on 22 July 2021, the final dividend will be paid on 30 July 2021. The ex-div date is 8 July 2021 and the record date is 9 July 2021.

Cash flow growth

The Group is strongly cash generative and draws down from its longer term committed facilities as required to meet its obligations. The Group's cash flow from operating activities for the year was £76.7 million, an increase of 4.2% from £73.6 million in the prior year.

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Cash generated from operations	87,131	85,074
Net finance costs	(8,824)	(10,178)
Interest on obligations under lease liabilities	(772)	(820)
Tax	(823)	(461)
Cash flow from operating activities	76,712	73,615
Capital expenditure	(73,010)	(63,748)
Proceeds on disposal of investment property	–	14,105
Investment	(450)	–
Receipt from Capital Goods Scheme	737	1,226
Dividends received from associates	688	649
Cash flow after investing activities	4,677	25,847
Ordinary dividends	(58,808)	(55,706)
Issue of share capital	80,772	853
Payment of lease liabilities	(1,009)	(963)
Loan arrangement fees paid	–	(918)
Drawing of new Aviva loan	–	35,000
(Decrease)/increase in borrowings	(64,728)	29,403
Net cash (outflow)/inflow	(39,096)	33,516
Opening cash and cash equivalents	51,418	17,902
Closing cash and cash equivalents	12,322	51,418
Closing debt	(337,300)	(402,028)
Closing net debt	(324,978)	(350,610)

In the year capital expenditure outflows were £73.0 million, up from £63.7 million in the prior year. Of the capital expenditure in the year £43.4 million is for the acquisition of Wapping and Staines (including acquisition costs) and an additional parcel of land at Kings Cross, with £29.6 million relating to build costs of the new stores.

The cash flow after investing activities was a net inflow of £4.7 million in the year, compared to an inflow of £25.8 million in 2020, due to higher capital expenditure in the year, and the prior year containing a receipt of £14.1 million from the disposal of investment property.

Balance sheet

Property

The Group's open stores and stores under development owned at 31 March 2021, which are classified as investment properties, have been valued individually by CBRE. The external valuation has resulted in an investment property asset value of £1,785.5 million, comprising £1,590.9 million (89%) for the freehold (including three long leaseholds) open stores, £31.1 million (2%) for the short leasehold open stores and £163.5 million (9%) for the freehold investment properties under construction.

Investment property

The valuations in the current year have increased significantly from the prior year, with a revaluation surplus of £189.1 million arising on the open Big Yellow stores (see note 15 for the detailed valuation methodology). This revaluation gain has been driven by a combination of cap rate compression and an improvement in the cash flow and operating metrics used in the valuation. This is reflective of the performance of both self storage generally and Big Yellow during the past 12 months.

The average exit capitalisation rate used in the valuations was 5.7% in the current year, compared to 6.1% in the prior year, with the discount rate 8.7% compared to 9.3% in 2020. The increase in value compared to the prior year is due to a combination of the reduction in cap rates and changes to the operating assumptions adopted in the valuations. 45% of the value improvement can be attributed to the cap rate reductions, and the balance of 55% due to the improvements in cash flow and the operating assumptions.

The valuation is based on an average occupancy over the 10-year cash flow period of 86.1% across the whole portfolio.

	Mature		Established	Developing	
	Leasehold	Freehold	Freehold	Freehold	Total
Number of stores	6	64	2	6	78
MLA capacity (sq ft)	339,000	4,118,000	124,000	349,000	4,930,000
Valuation at 31 March 2021 (£m)	£31.1m	£1,429.3m	£33.9m	£127.7m	£1,622.0m
Value per sq ft	£92	£347	£273	£366	£329
Occupancy at 31 March 2021	85.9%	88.2%	87.1%	49.0%	85.2%
Stabilised occupancy assumed	85.7%	86.9%	86.5%	85.4%	86.7%
Net initial yield pre-admin expenses	14.1%	6.0%	6.2%	2.4%	5.9%

The initial yield pre-administration expenses assuming no rental growth is 5.9% (2020: 6.1%). The stores are assumed to grow to stabilised occupancy in 9 months on average. Note 15 contains more detail on the assumptions underpinning the valuations.

Investment property under construction

The investment property under construction valuation has increased by £27.2 million in the year. Capital expenditure accounts for £63.2 million of this increase, notably on the site purchases discussed above, and construction expenditure, principally on Camberwell, Bracknell, and Uxbridge (Battersea remained in investment property following the original store's closure for redevelopment in March 2019). This has been offset by Camberwell and Bracknell transferring to open stores. The valuation movement on the investment property under construction was a small surplus of £0.1 million.

Purchaser's cost adjustment

As in prior years, we have instructed an alternative valuation on our assets using a purchaser's cost assumption of 2.75% (see note 15 for further details) to be used in the calculation of our adjusted diluted net asset value. This Red Book valuation on the basis of the special assumption of 2.75% purchaser's costs, results in a higher property valuation at 31 March 2021 of £1,895.0 million (£109.4 million higher than the value recorded in the financial statements). With the share of uplift on the revaluation of the Armadillo stores (£1.0 million), this translates to 62.7 pence per share. This revised valuation translates into an adjusted net asset value per share of 889.2 pence (2020: 760.9 pence after adjusting for the placing) after the dilutive effect of outstanding share options.

Receivables

As of 24 May, we have collected 98.9% of our April revenue. The Group's bad debt expense in the year represented 0.1% of revenue compared to 0.2% in the prior year, a pleasing result reflective of the make-up of our customer base, with 82% paying by direct debit and perhaps also our ability to contact customers at home with more time on their hands to deal with their admin tasks.

At 31 March 2021 we have a receivable of £0.7 million in respect of payments due back to the Group under the Capital Goods Scheme, as a consequence of the introduction of VAT on self storage from 1 October 2012. The receivable relates to VAT to be recovered on historic store development expenditure. The Group has received £15.1 million to date under the Scheme, of which £0.7 million was received in the year.

Net asset value

The adjusted net asset value is 889.2 pence per share (see note 13), up 17% from 760.9 pence per share at 31 March 2020 (after adjusting for the April 2020 share placing). The table below reconciles the movement:

Movement in adjusted net asset value	£m	Adjusted NAV pence per share
31 March 2020	1,257.2	751.0
Share placing	79.9	9.9
31 March 2020 (rebased)	1,337.1	760.9
Adjusted profit after tax	74.0	42.0
Equity dividends paid	(58.8)	(33.4)
Revaluation movements (including share of associate)	191.8	108.9
Movement in purchaser's cost adjustment	18.6	10.6
Other movements (e.g. share schemes)	3.9	0.2
31 March 2021	**1,566.6**	**889.2**

Borrowings

Our financing policy is to fund our current needs through a mix of debt, equity and cash flow to allow us to build out, and add to, our development pipeline and achieve our strategic growth objectives, which we believe improve returns for shareholders. We aim to ensure that there are sufficient medium-term facilities in place to finance our committed development programme, secured against the freehold portfolio, with debt serviced by our strong operational cash flows. We maintain a keen watch on medium and long-term rates and the Group's policy in respect of interest rates is to maintain a balance between flexibility and hedging of interest rate risk.

The Group has committed undrawn bank facilities of £87.5 million, which if drawn would carry a current marginal cost of debt of approximately 1.35%. The Group also has an option to increase the amount of revolving loan by a further £30 million during the loan's term.

In March 2020, the Group agreed a seven-year debt facility with Aviva of £35 million at an all-in cost of 1.96%, secured over the existing Aviva security pool of 15 stores. The all-in cost of this loan has subsequently reduced to 1.91% following the installation of 50 kWp capacity solar panels at three of the stores, as agreed with Aviva on drawing the loan. The total debt facilities from Aviva are currently £114.8 million of which £19.8 million amortises down to nil over the remaining seven years of the loan.

Financial Review (continued)

The table below summarises the Group's debt facilities at 31 March 2021. The average cost of debt is 2.6% (March 2020: 2.5%).

Debt	Expiry	Facility	Drawn	Average interest cost
Aviva Loan	April 2027	£114.8 million	£114.8 million	4.0%
M&G loan	June 2023	£70 million	£70 million	3.0%
Bank loan	October 2024	£240 million	£152.5 million	1.7%
Total	**Average term 4.4 years**	**£424.8 million**	**£337.3 million**	**2.6%**

The Group was comfortably in compliance with its banking covenants at 31 March 2021. Further details of the Group's covenants are provided in note 19 of the accounts. For the year we had Group interest cover of 9.9 times (2020: 8.3 times) based on pre-interest operating cash flow against interest paid. The net debt to gross property assets ratio is 18% (2020: 23%) and the net debt to adjusted net assets ratio (see net asset value section above) is 21% (2020: 28%).

At 31 March 2021, the fair value on the Group's interest rate derivatives was a liability of £0.5 million. The Group does not hedge account its interest rate derivatives. As recommended by EPRA, the fair value movements are eliminated from adjusted profit before tax, diluted EPRA earnings per share, and adjusted net assets per share.

Cash deposits are only placed with approved financial institutions in accordance with the Group's Treasury policy.

Share capital

The share capital of the Company totalled £17.6 million at 31 March 2021 (2020: £16.7 million), consisting of 175,880,470 ordinary shares of 10p each (2020: 167,138,527 shares). 8.3 million shares were issued in April 2020 in a placing to raise funds to grow our development pipeline. 0.4 million shares were issued for the exercise of options during the year at an average exercise price of 1,064p (2020: 0.5 million shares at an average price of 988p).

The Group holds 1.1 million shares within an Employee Benefit Trust ("EBT"). These shares are shown as a debit in reserves and are not included in calculating net asset value per share.

	2021 No.	2020 No.
Opening shares	**167,138,527**	166,665,158
Shares issued in placing	**8,335,043**	–
Shares issued for the exercise of options	**406,900**	473,369
Closing shares in issue	**175,880,470**	167,138,527
Shares held in EBT	**(1,122,907)**	(1,122,907)
Closing shares for NAV purposes	**174,757,563**	166,015,620

86.8 million shares were traded in the market during the year ended 31 March 2021 (2020: 80.3 million). The average mid-market price of shares traded during the year was 1,064p with a high of 1,181p and a low of 915p.

Investment in Armadillo

The Group has a 20% investment in Armadillo Storage Holding Company Limited and a 20% investment in Armadillo Storage Holding Company 2 Limited. In the consolidated accounts of Big Yellow Group PLC, our investments in the vehicles are treated as associates using the equity accounting method. The investments are Limited companies, but the Group does also refer to them as Partnerships in these financial statements.

The occupancy of the Armadillo stores at 31 March 2021 was 908,000 sq ft on an MLA of 1,083,000, representing 83.8% (31 March 2020: 75.2%). The net rent achieved at 31 March 2021 by the Armadillo stores is £18.38 per sq ft, an increase of 3.0% from the same time last year. Revenue increased by 7.6% to £18.0 million for the year to 31 March 2021 (2020: £16.7 million); the like-for-like increase in revenue (adjusted for stores acquired in the prior year) was 6.4%.

The Armadillo Partnerships made a combined operating profit of £8.6 million in the year, of which Big Yellow's share is £1.7 million. After net interest costs, the revaluation of investment properties (valued by Jones Lang LaSalle) which produced a surplus of £12.8 million in the year, deferred tax on the revaluation surplus and movement in interest rate derivatives, the profit for the year was £15.7 million, of which the Group's share was £3.1 million.

Big Yellow has a management contract in place in each Partnership. For the year to 31 March 2021 the Group earned management fees of £1.4 million. The Group's share of the dividend for the year is £0.7 million, representing a 15% yield on our equity invested.


SELF STORAGE


Reception

Principal risks and uncertainties

The Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency, or liquidity. The Group maintains a low appetite to risk, in line with our strategic objectives of providing a low volatility, high distribution business.

The section below details the principal risks and uncertainties that are considered to have the most material impact on the Group's strategy and objectives. These key risks are monitored on an ongoing basis by the Executive Directors and considered fully by the Board in its annual risk review.

Risk and impact	Mitigation	Change during the year and outlook
Self storage market risk There is a risk to the business that the self storage market does not grow in line with our projections, and that economic growth in the UK is below expectations, which could result in falling demand and a loss of income.	Self storage is a relatively immature market in the UK compared to other self storage markets such as the United States and Australia, and we believe has further opportunity for growth. Awareness of self storage and how it can be used by domestic and business customers is relatively low throughout the UK, although higher in London. The rate of growth of branded self storage on main roads in good locations has historically been limited by the difficulty of acquiring sites at affordable prices and obtaining planning consent. New store openings in London and other large metropolitan cities within the sector have slowed significantly over the past few years. Our performance during the Covid pandemic has been resilient. We believe that the resilience of our performance is due to a combination of factors including: – a prime portfolio of freehold properties; – a focus on London and the South East and other large metropolitan cities, where the drivers in the self storage market are at their strongest and the barriers to competition are at their highest; – the strength of operational and sales management; – continuing innovation to deliver the highest levels of customer service; – delivering on our strong ESG commitments; – the UK's leading self storage brand, with high and growing public awareness and online strength; and – strong cash flow generation and high operating margins, from a secure capital structure. We have a large current storage customer base of approximately 62,000 spread across the portfolio of stores and hundreds of thousands more who have used Big Yellow over the years. In any month, customers move in and out at the margin resulting in changes in occupancy. This is a seasonal business and typically we see growth over the spring and the summer months, with the seasonally weaker period being the winter months.	The Covid-19 pandemic caused a significant contraction in economic growth for the UK for 2020. The roll-out of vaccines has provided some hope of a return to more normal economic conditions, however risks around new variants remain. Governments around the world have taken on significant additional debt to fund the policy responses to the pandemic, and this may result in higher taxation rates in the future. The market risk has reduced since the same time last year given the performance of the business over the past 12 months and the vaccine roll-out. The uncertainty that we faced last year associated with the UK's exit from the EU and whether a trade deal would be agreed, has reduced. The uncertainty in the run up to Brexit had impacted consumer behaviour, which caused lower occupancy growth for the Group in the year ended March 2021.

Risk and impact	Mitigation	Change during the year and outlook
Property risk There is a risk that we will be unable to acquire new development sites which meet management's criteria. This would impact on our ability to grow the overall store platform. Changing climate and resulting likely changes to planning restrictions will narrow choice of available sites further. The Group is also subject to the risk of failing to obtain planning consents on its development sites, and the risk of a rising cost of development. Planning approval increasingly dependent on Social or Environmental enhanced features (e.g. social enterprise at Battersea, BREEAM standards, local planners demands for green spaces) – adding cost and complexity.	Our management has significant experience in the property industry generated over many years and in particular acquiring property on main roads in high profile locations and obtaining planning consents. We do take planning risk where necessary, although the availability of land, and competition for it makes acquiring new sites challenging. Our in-house development team and our professional advisers have significant experience in obtaining planning consents for self storage centres. We manage the construction of our properties very tightly. The building of each site is handled through a design and build contract, with the fit-out project managed in-house using an established professional team of external advisers and sub-contractors who have worked with us for many years to our Big Yellow specification. We carried out an external benchmarking of our construction costs and tendering programme three years ago, which had satisfactory results.	The Group has acquired seven sites over the past couple of years, taking its total pipeline to 14 sites which, when opened, would expand the Group's current MLA by 20%. The planning process remains difficult and to achieve a planning consent can take anything from eighteen months to three years. Local planning policy is favouring residential development over other uses, and we don't expect this to change given the shortage of housing in the UK. The pandemic meant in-person planning committee meetings were suspended, which initially caused a delay in the Group receiving planning consents. Over recent months, the planning process has returned to more normal timescales. We currently have planning consent on 8 of the 14 development sites.
Valuation risk The valuation of the Group's investment properties may fall due to external pressures or the impact of performance. Lack of transactional evidence in the self storage sector leads to more subjective valuations.	The valuations are carried out by independent, qualified external valuers who have significant experience in the UK self storage industry. The portfolio is diverse with approximately 62,000 customers currently using our stores for a wide variety of reasons. There is significant headroom on our loan to value banking covenants.	The revaluation surplus on the Group's open store investment properties was £189.1 million in the year (an uplift of 13%), principally due to an improvement in underlying cash flows used in the valuations, coupled with cap rate improvement. There have been portfolio transactions since the onset of the pandemic, and there is institutional money looking to invest in self storage. At the prior year end, the valuation risk was higher in the early stages of the pandemic, and the valuers drew attention in their prior year report to material valuation uncertainty. There is no such clause in this year's valuations.
Treasury risk The Group may face increased costs from adverse interest rate movements.	Our financing policy is to fund our current needs through a mix of debt, equity and cash flow to allow us to selectively build out the remaining development pipeline and achieve our strategic growth objectives, which we believe improve returns for shareholders. We have made it clear that we believe optimal leverage for a business such as ours should be LTV in the range 20% to 30% and this informs our management of treasury risk. We aim to ensure that there are sufficient medium-term facilities in place to finance our committed development programme, secured against the freehold portfolio, with debt serviced by our strong operational cash flows. We have a fixed rate loan in place from Aviva Commercial Finance Limited, with seven years remaining. This loan was increased by £35 million in March 2020. Our on-site solar generation plans helped us in securing a lower margin on this tranche of debt.	The Bank of England base rate was reduced to 10bps in March 2020, and the long-term forecast is for rates to remain at low levels for the foreseeable future. A significant proportion of the Group's debt is floating, and hence the Group has benefited from this reduction in base rate. Debt providers currently remain supportive to companies with a strong capital structure, as evidenced by the Group completing on the loan from Aviva after the pandemic started. That said, the current environment has put pressure on banks' margins, with a potential future increase in cost to the Group.

Principal risks and uncertainties (continued)

Risk and impact	Mitigation	Change during the year and outlook
Treasury risk (continued)	The Group has a £70 million loan from M&G Investments, which is 50% fixed and 50% floating, repayable in 2023. For our bank debt, we borrow at floating rates of interest and use swaps to hedge our interest rate exposure. Our policy is to have at least 40% of our total borrowings fixed, with the balance floating. At 31 March 2021 53% of the Group's total borrowings were fixed or subject to interest rate derivatives. The Group reviews its current and forecast projections of cash flow, borrowing and interest cover as part of its monthly management accounts. In addition, an analysis of the impact of significant transactions is carried out regularly, as well as a sensitivity analysis assuming movements in interest rates and store occupancy on gearing and interest cover. This sensitivity testing underpins the viability statement below. The Group regularly monitors its counterparty risk. The Group monitors compliance with its banking covenants closely. During the year it complied with all its covenants and is forecast to do so for the foreseeable future.	The Group's interest cover ratio for the year ended 31 March 2021 was 9.9 times, comfortably ahead of our internal target of 5 times and ahead of our banking covenants, as disclosed in note 19.
Tax and regulatory risk The Group is exposed to changes in the tax regime affecting the cost of corporation tax, property rates, VAT, Stamp Duty and Stamp Duty Land Tax ("SDLT"), for example the imposition of VAT on self storage from 1 October 2012. The Group is exposed to potential tax penalties or loss of its REIT status by failing to comply with the REIT legislation.	We regularly monitor proposed and actual changes in legislation with the help of our professional advisers, through direct liaison with HMRC, and through trade bodies to understand and, if possible, mitigate or benefit from their impact. HMRC have designated the Group as having a low-risk tax status, and we hold regular meetings with them. We carry out detailed planning ahead of any future regulatory and tax changes using our expert advisers. The Group has internal monitoring procedures in place to ensure that the appropriate REIT rules and legislation are complied with. To date all REIT regulations have been complied with, including projected tests.	The Group experienced an increase in cost in 2017 following the Government's review of business rates, and the next rating review due in 2023 may bring additional cost to the Group, given the rise in industrial rents over the past few years. The corporation tax rate was increased in the March 2021 budget, and there is a risk that tax rates will rise further in the medium-term to fund the increased government deficits that have arisen from the policy response to the pandemic.
Human resources risk Our people are key to our success and as such we are exposed to a risk of high staff turnover, and a risk of the loss of key personnel.	We have developed a professional, lively, and enjoyable working environment and believe our success stems from attracting and retaining the right people. We encourage all our staff to build on their skills through appropriate training and regular performance reviews. We believe in an accessible and open culture and everyone at all levels is encouraged to review and challenge accepted norms, to contribute to the performance of the Group.	We were ranked in the Sunday Times 100 Best Companies to Work For survey in February 2019 (the last time the Group participated in the survey), showing strong levels of engagement from our employees. The Group carried out an engagement survey of its employees during the prior year, which showed very pleasing results of the level of engagement of our teams. We have consulted regularly with our employees during the year through a series of pulse surveys to listen to their views. Our staff turnover was at its lowest level for a number of years in 2021.

Risk and impact	Mitigation	Change during the year and outlook
Brand and reputation risk The Group is exposed to the risk of a single serious incident materially affecting our customers, people, financial performance and hence our brand and reputation, including the risk of a data breach.	We have always aimed to run this business in a professional way, which has involved strict adherence with all regulations that affect our business, such as health and safety legislation, building regulations in relation to the construction of our buildings, anti-slavery, anti-bribery and data regulations. We also invest in cyber security (discussed below), and make an ongoing investment in staff training, facilities management, and the maintenance of our stores. To ensure consistency of service and to understand the needs of our customers, we send surveys to every customer who moves in and moves out of the business. The results of the surveys and mystery shops are reviewed to continuously improve and deliver consistent performance throughout the business. We maintain regular communication with our key stakeholders, customers, employees, shareholders, and debt providers.	During 2018, we developed a crisis response plan with external consultants to ensure the Group is well placed to deal with a major incident more effectively. During the prior year, we carried out an exercise to stress-test the crisis response plan with a scenario based on a disaster at one of the Group's stores. We have explained in the Operational and Marketing Review how we have reacted operationally to the Covid-19 pandemic and ensured our staff and customers remain safe.
Security risk The Group is exposed to the risk of the damage or loss of a store due to vandalism, fire, or natural incidents such as flooding. This may also cause reputational damage.	The safety and security of our customers, their belongings, stores, and our staff remains a key priority. To achieve this we invest in state-of-the-art access control systems, individual room alarms, digital CCTV systems, intruder and fire alarm systems and the remote monitoring of all our stores outside of our trading hours. We are the only major operator in the UK self storage industry that has every room in every store individually alarmed. We have implemented customer security procedures in line with advice from the Police and continue to work with the regulatory authorities on issues of security, reviewing our operational procedures regularly. The importance of security and the need for vigilance is communicated to all store staff and reinforced through training and routine operational procedures.	We have continued to run courses for all our staff to enhance the awareness and effectiveness of our procedures in relation to security. We regularly review and implement improvements to our security processes and procedures.
Cyber risk High profile cyber-attacks and data breaches are a regular staple in today's news. The results of any breach may result in reputational damage, fines, or customer compensation, causing a loss of market share and income.	The Group receives specialist advice and consultancy in respect of cyber security, and we have dedicated in-house monitoring and regular review of our security systems, we also limit the retention of customer data to the minimum requirement. Policies and procedures are under regular review and benchmarked against industry best practice by our consultants. These policies also include defend, detect and response policies.	We don't consider the risk to have increased more for the Group than any other business; however, we consider that the threats in the entire digital landscape do continue to increase and evolve. As such we have continued to invest in cyber security upgrading or replacing components as required.
Climate change related risk The Group is exposed to climate-change related transition and physical risks. Physical risks may affect the Group's stores and may result in higher maintenance and repair costs. Failing to transition to a low carbon economy may cause an increase in taxation, decrease in access to loan facilities and reputational damage.	The good working order of our stores is of critical importance to our business model. We visually inspect each of our stores at least once per annum and planned and unplanned work is discussed immediately. Maintenance requirements are discussed at budget reviews; proposals are made to raise climate change related issues to the Board, who may request more holistic adaptation work to be carried out. The key mitigation strategy to address transitional risks is the delivery of the newly launched Net Renewable Energy Positive Strategy and the Net Zero Scope 1 and Scope 2 Emissions Strategy. Our investment to decarbonise our business over the next nine years is expected to mitigate fully against taxation (carbon tax) risk and reputational risks (both investors and customers).	Our newly established Sustainability Committee, chaired by a Non-Executive Director, has delivered an ambitious strategic plan to 2030. We appreciate that both physical and transition risks are expected to materialise to lesser or greater extents over the coming years and costs may go up gradually, hidden within what may be perceived as 'natural variations'. Our focus and strong governance established during the year will allow us to continue to mitigate the effects.

Principal risks and uncertainties (continued)

Internal audit

The Group employs a Head of Store Compliance responsible for reviewing store operational and financial controls. He reports to the Chief Financial Officer, and also meets with the Audit Committee at least once a year. This role is supported by three other team members, enabling additional work and support to be carried out across the Group's store portfolio. The Store Compliance team will visit each operational store twice per year to carry out a detailed store audit. These audits are unannounced, and the Store Compliance team carry out detailed tests on financial management, administrative standards, and operational standards within the stores. Part of the store staff's bonus is based on the scores they achieve in these audits. The results of each audit are reviewed by the Chief Financial Officer, the Financial Controller, and the Head of Store Operations. This is the equivalent of an internal audit function for the Group's store operations.

For the key business cycles conducted at the Group's head office, external consultants are used to review the Group's controls on a rotational basis. The consultants produce a report with recommendations which is discussed with management and reviewed by the Audit Committee. The cycles covered by this activity include construction expenditure, treasury, taxation, and facilities management.

With the combination of the store internal audit process and the external assessment of the key business cycles, the Audit Committee considers that this provides a robust internal audit assessment for the Group.

Going concern

A review of the Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are shown in the balance sheet, cash flow statement and accompanying notes to the financial statements. Further information concerning the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk can be found in this Report and in the notes to the financial statements.

At 31 March 2021 the Group had available liquidity of approximately £100 million, from a combination of cash and undrawn bank debt facilities. The Group is cash generative and for the year ended 31 March 2021, had operational cash flow of £76.7 million, with capital commitments at the balance sheet date of £17.3 million.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements, taking into account the Group's operating plan and budget for the year ending 31 March 2022 and projections contained in the longer-term business plan which cover the period to March 2025. After reviewing these projected cash flows together with the Group's and Company's cash balances, borrowing facilities and covenant requirements, and potential property valuation movements over that period, the Directors believe that, taking account of severe but plausible downsides, the Group and Company will have sufficient funds to meet their liabilities as they fall due for that period.

In making their assessment, the Directors have carefully considered the outlook for the Group's trading performance and cash flows as a result of the economic shock brought on by the Covid-19 pandemic, taking into account the trading performance of the Group from the onset of the pandemic to the date of these financial statements. The Directors have also taken into account the performance of the business during the Global Financial Crisis. The Directors modelled a number of different scenarios, including material reductions in the Group's occupancy rates and property valuations, and assessed the impact of these scenarios against the Group's liquidity and the Group's banking covenants. The scenarios considered did not lead to breaching any of the banking covenants, and the Group retained sufficient liquidity to meet its financial obligations as they fall due.

Consequently, the Directors continue to adopt the going concern basis in preparing the financial statements.

Viability statement

The Directors have assessed the Group's viability over a four-year period to March 2025. This period is selected based on the Group's long-term strategic plan to give greater certainty over the forecasting assumptions used. As in the assessment of going concern, the Directors have modelled a number of different scenarios on the Group's future prospects.

In making their assessment, the Directors took account of the Group's current financial position, including committed capital expenditure. The Directors carried out a robust assessment of the principal risks and uncertainties facing the business, their potential financial impact on the Group's cash flows, REIT compliance and financial covenants and the likely effectiveness of the mitigating options detailed. The Directors have assumed that funding for the business in the form of equity, bank and insurance company debt will be available in all reasonably plausible market conditions. Whilst the eventual impact of Covid-19 on the Group is uncertain, and may not be known for some time, the Group has a highly cash generative business, good liquidity and has proved resilient in its trading since the onset of the pandemic.

Based on this assessment the Directors have a reasonable expectation that the Company and the Group will be able to continue operating and meeting all their liabilities as they fall due to March 2025.

John Trotman
Chief Financial Officer

24 May 2021

Section 172 Statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would be the most likely to promote the success of the company for the benefit of its members as a whole. In performing this Section 172 requires a Director to have regards among other matters to:

- the likely consequences of any decision in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly with members of the company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172. The Board's obligations under Section 172 are considered at Board meetings within each relevant section of the Board pack. The stakeholders we consider in this regard are our employees, our customers, our shareholders, our suppliers, and the environment. The Board recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate the business in a sustainable way.

The Board regularly receives reports from management on issues concerning customers, the environment, suppliers, employees, and investors, which it takes into account in its discussions and in its decision-making process under Section 172.

Stakeholder engagement

The Board is committed to effective engagement with all of our key stakeholders. The importance of each matter may differ to each stakeholder group, and hence the Group seeks to understand the relevant interests and priorities of each stakeholder Group, and to have regard to these in its decision making. The Board does acknowledge that not every decision that it makes will necessarily result in a positive outcome for all stakeholders.

Information on interaction with our key stakeholders is included in the Corporate Governance Report on pages 79 to 84.

Further information

You can read further information on stakeholder engagement and our approach to S172 in the following places:

Employees

- CEO introduction (pages 18 to 19)
- Operational and Marketing Review (pages 25 to 29)
- Risk Management (page 44)
- CSR Report (page 57)
- Governance (pages 82 and 84)

Customers

- Operational and Marketing Review (pages 25 to 29)
- CSR Report (page 60)
- Governance (page 83)

Suppliers

- CSR Report (page 61)
- Governance (page 83)

Investors

- Chairman's Statement (pages 14 to 17)
- Operational and Financial Review (pages 22 to 41)
- Governance (page 83)

Environment

- CEO introduction (page 19)
- Operational and Marketing Review (page 27)
- CSR Report (pages 52 to 71)

Long-term

- Chairman's Statement (pages 14 to 17)
- Our Investment Case (page 48)
- Risk Management (pages 42 to 45)
- Viability Statement (page 46)

Our investment case

In the twenty one years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return ("TSR"), including dividends reinvested, of 14.7% per annum, in aggregate 1,671% at the closing price of 1,115p on 31 March 2021. This compares to 5.6% per annum for the FTSE Real Estate Index and 4.7% per annum for the FTSE All Share index over the same period. We feel this illustrates the power of compounding of consistent incremental returns over the longer term.

Our values:

Helpfulness

Big Yellow exists to help people out and relieve pressure in their lives. We constantly strive to make our customers' lives easier.

Empathy

We always listen and put ourselves in the position of the individual we are serving, understanding how exactly we can lighten their load.

How we do it:

Attractive market dynamics

- UK self storage penetration in key urban conurbations remains relatively low
- Limited new supply coming onto the market
- Resilient through the last economic downturn and resilient to date in the current crisis
- Self storage is more part of the ecosystem today than it was in 2008 with increased domestic and business awareness

Our competitive advantage

- UK industry's most recognised brand with over 90% of enquiries now online
- Prominent stores on arterial or main roads, with extensive frontage and high visibility
- Continuous innovation and investment into our mobile and desktop digital channels
- Strong customer satisfaction and NPS scores reflecting excellent customer service
- 6.0 million sq ft UK footprint (Big Yellow and Armadillo combined)
- Primarily freehold estate concentrated in London and South East and other large metropolitan cities
- 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

Flexibility

We are always flexible and adapt our service to best suit the needs and the desires of our customers.

Innovativeness

We strive to innovate to help drive our business forward and we never accept the status quo.

THE BIG YELLOW FOUNDATION

HELPING VULNERABLE PEOPLE LEAD BRIGHTER LIVES

Integrity

We approach everything we do with a commitment to doing right. This goes beyond our customers to include our people, local communities and environments.

Evergreen income streams

- 62,000 customers from a diverse base – individuals, SMEs, and national customers
- Average length of stay for existing customers of 27 months
- 35% of customers in stores greater than two-year length of stay
- Low bad debt expense (0.1% of revenue in the year), no deterioration since onset of current crisis

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
- Growth in national customers and business customer base
- Increasing the platform with a conservative capital structure
- Growth in our Armadillo platform

Conversion into quality returns

- Freehold assets for high operating margins and operational advantage
- Low technology and obsolescence product, maintenance capex fully expensed
- Annual compound adjusted eps growth of 14% since 2004/5 (IFRS adoption)
- Annual compound cash flow growth of 14% since 2004/5
- Dividend pay-out ratio of 80% of adjusted eps

Our strategy

Brand, platform, and customer service

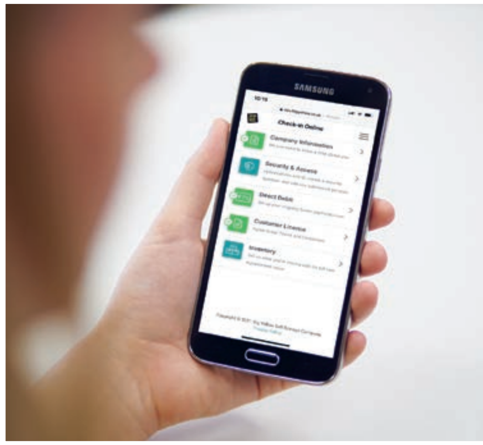
Our strategy from the outset has been to develop Big Yellow into the market-leading self storage brand, delivering excellent customer service, investing in sustainability and our market-leading operating platform and digital channels, with a great culture and highly motivated employees. We concentrate 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. 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.

We focus on the following key areas:

- leveraging our market-leading brand position to generate new prospects, principally from our digital, mobile and desktop platforms;
- focusing on training, selling skills, and customer satisfaction to maximise prospect conversion and referrals;
- growing occupancy and net rent to drive revenue optimally at each store;
- maintaining a focus on cost control, so revenue growth is transmitted through to earnings growth;
- 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;
- selectively acquiring existing self storage assets into the Armadillo platform;
- through our corporate social responsibility initiatives, aim to create a more sustainable business which will increase shareholder and customer value in both the medium and long-term;
- maintaining Big Yellow's culture as an accessible, apolitical, inclusive, non-hierarchical, socially responsible, and enjoyable place to work; and
- maintaining a conservative capital structure in the business with Group interest cover of a minimum of five times.



Real estate

The other main plank of our strategy has been to build a portfolio of large purpose-built freehold self storage centres, focussed on London, the South East and large metropolitan cities. 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 two thirds 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 82%. Our store development pipeline is largely in London and the South East, so we expect to maintain this geographic focus over the medium term.

New supply and competition is a key risk to our business model, hence our focus on London and its commuter towns, where barriers to entry in terms of competition for land and difficulty around obtaining planning are highest. We continue to see limited new supply growth in our key areas of operation. Looking back over the last five years, we estimate capacity growth in London of approximately 1.5% per annum. In 2020, there have been only five store openings in London (including two Big Yellow stores), and we anticipate four new stores in London in 2021, including one Big Yellow store opening in Uxbridge.

Since April 2020, we have acquired four development sites in Wapping, Staines, Epsom, and Kentish Town (all London), with a total estimated self storage development cost of £106 million. This increases our pipeline to 14 freehold development opportunities, totalling approximately 1.0 million sq ft (20% of MLA).

Our Big Yellow stores are on average 63,000 sq ft, compared to an industry average of approximately 44,000 sq ft (source: UK Self Storage Association 2021 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 and that has increased from 1.9 times in 2008 to 9.9 times for the year ended 31 March 2021. Our objective is to not let this fall below 5 times, compared to the consolidated EBITDA covenant of 1.5 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 through the current crisis, where we have 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 are resulting in increased demand for our product. These changes have resulted in a significant shortage of available warehousing space, particularly in London, which has been accentuated by the current crisis. 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 our 62,000 customers, 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. During the current crisis the business has performed strongly with like-for-like occupancy growth of 6.7 ppts during the financial year ended 31 March 2021.

Over 80% of our customers pay by direct debit, and our cash collection has remained robust throughout the pandemic, with 98.9% of our April revenue collected as of 24 May.

Total shareholder return

In the twenty one years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return ("TSR"), including dividends reinvested, of 14.7% per annum, in aggregate 1,671% at the closing price of 1,115p on 31 March 2021. This compares to 5.6% per annum for the FTSE Real Estate Index and 4.7% per annum for the FTSE All Share index over the same period. We feel this illustrates the power of compounding of consistent incremental returns over the longer term.

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.

We focus on the following key areas:

New prospects

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

Customer satisfaction

focusing on training, selling skills, and customer satisfaction to maximise prospect conversion and referrals;

Driving revenue

growing occupancy and net rent to drive revenue optimally at each store;

Cost control

maintaining a focus on cost control, so revenue growth is transmitted through to earnings growth;

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;

Expanding Armadillo

selectively acquiring existing self storage assets into the Armadillo platform;

Sustainability

through our corporate social responsibility initiatives, aim to create a more sustainable business which will increase shareholder and customer value in both the medium and long-term;

Culture

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

Capital

maintaining a conservative capital structure in the business with Group interest cover of a minimum of five times.

Corporate and Social Responsibility Report

1.0 Introduction

Big Yellow Group PLC ("Big Yellow") is committed to responsible and sustainable business practices. The Big Yellow Board recognises that corporate social responsibility ("CSR") – when linked to clear commercial objectives, will create a more sustainable business and increase shareholder and customer value, in both the medium and long term. People, Planet and Profit need to be aligned to make a sustainable business.

Big Yellow seeks to meet the demand for self storage from businesses and private individuals by providing the storage space for their commercial and/or domestic needs, whilst aiding local employment and contributing to the local community.

Our CSR Policy covers all Big Yellow operations, as both an operator of self storage facilities and a developer of new self storage facilities. We recognise that our operations can have significant economic, environmental, and social impacts. We are therefore committed to assessing our CSR risks and opportunities, and taking appropriate steps to mitigate negative impacts and, where possible, enhance positive impacts for the benefit of our business, our stakeholders, and our local environment.

In the last year, we created a Board Sustainability Committee to:

- oversee Big Yellow's sustainability framework and strategy;
- monitor Big Yellow's sustainability performance;
- provide guidance on emerging environmental issues, including environmental risks, and their impact on Big Yellow's business; and
- oversee the Big Yellow CSR reporting, including our external audit/assurance mechanisms.

The Big Yellow Board also receives regular direct updates on sustainability topics both from the Environmental Committee and from the Head of CSR.

The outcome of operating responsibly is the social value that we create and the long-term resilience of our business when faced with external pressures and changes, such as a changing climate and a changing political and legislative environment.

Our full CSR Report and the relevant sections within our Annual Reports and Accounts (the Directors' Report and the CSR section) have been prepared in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implementing the Streamlined Energy and Carbon Reporting ("SECR") requirements. The Greenhouse Gas ("GHG") section of the CSR report has been reported in accordance with the WRI/WBCSD GHG Protocol – a Corporate Accounting and Reporting Standard.

Our health and safety reporting is stated in accordance with the UK Health and Safety Executive guidance.

You can read more about our business model on pages 48 to 51 of the Annual Report.

2.0 CSR Executive Summary

This year has been a challenging one for us all due to the Covid-19 pandemic – and the necessary lockdown restrictions imposed on us all. Some of our colleagues have experienced personal family losses as a result of the pandemic, and we would like to take a moment to remember all of those who have been affected.

We would like to thank all our colleagues for their dedication, hard work and perseverance in the face of the pandemic and lockdown controls; for working hard to keep our stores open, working within the published government guidance; and also to thank our customers for their patience in following the rules necessary to keep everyone safe. With the NHS vaccination programme well underway, we sincerely hope we will soon be able to live with fewer restrictions in our daily lives.

In March this year, on Employee Appreciation Day, the Directors took a moment to record a message of thanks to everyone in the Company.

This is our 15th CSR Report and looking back at our very first offering in 2007 the way we deal with Environmental, Social and Governance matters has changed fundamentally over that time.

We have established a new Board level Sustainability Committee, chaired by Heather Savory (our new Non-Executive Director with responsibility for Sustainability). I and the entire Board take our responsibilities for CSR to the heart of our business and we are very pleased to have Heather assisting us with our ongoing Sustainability Agenda.

The work we have done to integrate the climate related risks and opportunities within our business process has led us to a better, quantifiable understanding of the risks associated with a Real Estate business, such as Big Yellow. It has also – and I would argue in our case more importantly – this year led the Board to explore more opportunities for the future.

As a result, this year we are launching a new long-term strategy to become Net Renewable Energy Positive, as part of a wider plan to deliver on our Net Zero Scope 1 and 2 Emissions targets. We are actively investing in the resources necessary to make this happen, including significant capital expenditure over the next few years, investing in solar generation on the roofs of our stores. By 2025, we expect to have completed a multi-million pound investment in renewable energy generation alone, both within and external to our self storage estate.

Getting to Net Zero is a challenge all businesses need to face up to, to plan for and to invest in. It will not be easy. We have the great advantage of owning the large majority of our buildings; a large number of which have been assessed as suitable to proceed with the retrofitting of solar energy generating installations. We are, furthermore, an entrepreneurial Company and we intend to remain flexible and open to further innovation. This is particularly pertinent as sustainable technologies develop.

As we work towards reaching our Net Renewable Energy Positive target, we will be responsive and open to new technological solutions; fund pilots where such technology looks promising; push our local infrastructures to the maximum; and build new stores equipped to deal with an increased scale of solar installation.

Jim Gibson
Chief Executive Officer

24 May 2021

2.1 Highlights

- We have reviewed our energy and emissions strategy and set new bold and ambitious medium and long-term targets to 2030 and beyond.
- We have maintained our inclusion in the FTSE4Good indices; maintained our GRESB Green Star rating and achieved an A- award from CDP.
- We have built on our EPRA sBPR Silver Award from last year and obtained our first ever GOLD Award.
- We have swiftly moved to support our customers, communities, and employees throughout the Covid-19 challenges.
- We have added a seventh Big Yellow Foundation charity partner – Street League – to our Foundation family.
- We have refreshed our Materiality Assessment, replacing ‘Gender Equality’ and ‘Diversity’ with the much broader topic of ‘Inclusivity’.
- We have adopted the Sustainable Development Goals (“SDGs”), set by the United Nations in 2015.

2.2 Climate Change and our Business – a new Strategy

We are aligned with the Intergovernmental Panel on Climate Change ("IPCC") position that the world needs to limit any environmental temperature rise to no more than 1.5 degrees Celsius above pre-industrial levels.

Aligning our strategy to achieve this goal meets the needs and views of our stakeholders and this report sets out how we intend to achieve that.

Although the IPCC Net Zero Emissions target due date is 2050, our new strategy plans to deliver significant aspects of our reduction in emissions by 2030. We will focus on our most material emissions – carbon – and look forward to updating you on the progress we are making in each future CSR Report.

We are developing a standalone strategy document covering Big Yellow's pathway to 100% Net Renewable Energy Positive and Net Zero Scope 1,2 and 3 Emissions. We aim to publish this alongside the Annual Report and Accounts.

2.3 Sustainability Performance Overview

The table below is of all our commitments, the progress we have made against them during the financial year 2020/21 and our (amended) plans going forwards. They are aligned to our three corporate strategic CSR themes.

Some of the targets below were not met during the year as they relied on physical interactions, which were not possible to carry out as a result of the distancing and mobility restrictions imposed during the pandemic.

Provide the place and space to make lives easier

SDG where applicable	Target / Commitment	By year ending 31 March	Progress during the year	Update to plans
10 Reduced Inequalities	To raise £150,000 Foundation donations from our customers, Employee fundraising contributions and Big Yellow matched amounts	Annual	Raised £223,243	Maintain target – £60,900 was due to Directors' personal donations in 2020
10 Reduced Inequalities	Grants allocated to Big Yellow Foundation Charity partners: 75% of income allocated to charity partners	Annual	Allocated 66%	Maintain target – we added a 7th charity during the year, so expect to catch up.
3 Good Health and Well-Being	100% of stores with volunteering opportunities	2022	No progress made due to the Pandemic	See Communities / Our People section
3 Good Health and Well-Being	10% of volunteering days taken up by our teams	2021	No progress made due to the Pandemic	See Communities / Our People section
10 Reduced Inequalities	Four individuals on work placement contract provided and supported by a BYF charity partner	2022	No progress made due to the Pandemic	We will review how achievable this target is during 2021/22
10 Reduced Inequalities	Number of individuals offered a permanent position from the above cohort – 100% of yearly cohort	2022	Not due	We will review how achievable this target is during 2021/22
10 Reduced Inequalities	Maintain Customer Engagement as measured by engagement with the Big Yellow Foundation: Monitor move-in and move-out donations – aim for maintaining 2017/18 performance	Annual	Achieved	Monitored and included in Director Store Visit Discussion Target will remain in place
10 Reduced Inequalities	Engage our National Customers with our sustainability agenda: define engagement approach	2021	Not achieved	We will reprise this activity during 2021/22

Plan and act for a Sustainable Future

SDG where applicable	Target / Commitment	By year ending 31 March	Progress during the year	Update to plans
13 CLIMATE ACTION	Scope 1 & 2 Store Emissions (from 2011 baseline year) reduction of 34% by 2020 and 80% by 2050	2021	We have reached a 68% reduction – the targets have been brought in line with the UK Government commitments to be Net Zero by 2050	Reformulated new strategy and new KPIs created
13 CLIMATE ACTION	NEW: 'Net zero' Store Scope 1 and 2 Carbon Emissions by 2030	2030	Set new targets: Market-based: 100% net zero Location-based: 100% net zero	These targets will undergo a science-based target assessment during 2021/22
13 CLIMATE ACTION	Achieve 10.0 tCO_2e per m^2 occupied Intensity metric	2021	We have reached 5.8 – as we have set decarbonisation commitments, this target has been brought in line	Reformulated new strategy and new KPIs created
13 CLIMATE ACTION	NEW: Achieve 0 tCO_2e per m^2 occupied Intensity metric	2030	n/a	This target will undergo a science-based target assessment during 2021/22
13 CLIMATE ACTION	Energy Intensity target: 60% decrease from our 2011 baseline	2030	Achieved 60%	Remains in place
7 AFFORDABLE AND CLEAN ENERGY	Increase total Solar PV generation capacity by at least 10%	Annual	Achieved +46%	Reformulated new strategy and new KPIs created
7 AFFORDABLE AND CLEAN ENERGY	NEW: Generate renewable energy to meet at least 100% of our energy needs	2030	36 stores identified for retrofitting solar and work plan agreed	New strategy adopted
11 SUSTAINABLE CITIES AND COMMUNITIES	New-built stores pre-construction BREEAM standards 'Very Good' or better	Annual	Met – Bracknell, Camberwell and Battersea all achieved 'Excellent'	Maintain standards as applicable for each pipeline store
11 SUSTAINABLE CITIES AND COMMUNITIES	100% CLA (Current Lettable Area) covered by Green aspects (%)	Annual	100%	We scaled up our EPC assessments and have reached 100% earlier than planned – we will now look to maintain this
11 SUSTAINABLE CITIES AND COMMUNITIES	New built stores fitted with Electric Vehicle (EV) charging pods (where external space allows)	Annual	Met – Bracknell, Camberwell and Battersea all have twin 7kWh charging pods	Maintain target
11 SUSTAINABLE CITIES AND COMMUNITIES	Review in-store water consumption against self storage benchmark	Annual	Complete – remaining at or below benchmark	Maintain target
11 SUSTAINABLE CITIES AND COMMUNITIES	Contractors signing up to CCS scheme with a target score of 35 out of 50 available points for both fit-out and shell	Annual	Exceeded: 37 for Battersea 38 for Bracknell 40 for Camberwell	Maintain target
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Educate and engage store teams to improve recycling performance –send zero waste to landfill	2025	32% sent to landfill	Target remains in place

Corporate and Social Responsibility Report (continued)

Treat everyone fairly and respectfully, as a partner

SDG where applicable	Target / Commitment	By year ending 31 March	Progress during the year	Update to plans
3 GOOD HEALTH AND WELL-BEING	Report on 'prompt payment' statistics % of invoices received & paid within 30 days Actual paid statistics	Annual	Complete 58% Set out in the 'Our Suppliers' section	Maintain
n/a	We will continue to reference and meet our most relevant standard: EPRA	Annual	Achieved GOLD for 2019/20 reporting	Continue as is
n/a	We continue to submit to all relevant Benchmarks, namely GRESB, CDP and FTSE ESG	Annual	Most recent scores: CDP: A- FTSE4Good: included in index (3.3) GRESB: 80%	Continue as is
3 GOOD HEALTH AND WELL-BEING	It is our aim to keep everyone safe when visiting or working at our stores. Any accident or incident is investigated and – where within our control – efforts are made to learn from the incident so that there are no repeats.	Annual	No fatalities – accident statistics are published in the H&S section of this report	Continue as is
n/a	Supply Chain Risks: We intend to conduct further supplier assessments by visiting premises, reviewing documentation and conducting interviews	2021	Not achieved, as visits were not essential during the pandemic. With the planned Government review of the UK Modern Slavery Act we focussed on assessing our current internal processes. We also submitted our information to the voluntary UK Government Modern Slavery Statement Registry.	Review activity during 2021/22

3.0 Our People

Our people are at the heart of Big Yellow's business, bringing our values to life through the service that they provide and through the energy and passion that drives us to become an ever more responsible and sustainable business.

We continue to encourage a culture of partnership within the business and believe in staff participating in corporate performance through benefits such as customer feedback rewards, bonus schemes and share incentives. We recognise and reward the exceptional performance, achievements, and ideas of our people through a Recognition Points Scheme and allocated points with a value of over £71,000 for the year ended 31 March 2021.

We remain committed to our values and ethics, as well as recruiting, retaining and motivating individuals with talent and integrity and ensuring that we listen to our people and maximise their skills and performance. These factors are all key to the continued success of our Company.

As the impact of Covid-19 continues to be felt we have been working hard to support our employees with a range of tools to keep them physically and mentally well.

3.1 Highlights

- We held our first Employee Appreciation Day in March 2021 – recording messages from the Directors to take a moment to say Thank You to everyone at Big Yellow and Armadillo
- Signed up to the Business in the Community Race at Work charter
- Achieved Bronze Armed Forces Covenant status
- Continue to report on our Gender Pay gap
- Formed an Inclusivity and Diversity Committee to ensure that the Company improves the diversity of its workforce and embeds diversity and inclusivity in everything is does
- Appointed four Inclusivity and Diversity Experts to support the Company in creating an organisational culture that values, embraces and celebrates individual differences within the workplace
- Achieved 96% of our store recruitment in-house, reducing our reliance on agencies (March 2020: 78%)
- Reduced our store team turnover on a 12 month rolling basis to 23.6% (March 2020: 35.3%)

BUSINESS IN THE COMMUNITY
The Prince's Responsible Business Network
Race at Work Charter signatory

ARMED FORCES COVENANT
PROUDLY SUPPORTING THOSE WHO SERVE.

4.0 Our Communities

Our communities are made up of all the people who work and store in our stores and everyone who lives around us.

With Covid continuing to dominate all of this financial year and everyone at times subject to local or national restrictions there will be very few individuals who have not been personally affected by the pandemic and some of us will have lost loved ones.

We believe we have been conducting our business with integrity and compassion and hope we have been able to make lives easier, especially for those individuals and organisations that have been tirelessly working to feed communities and help keep health workers and carers safe.

4.1 Highlights

- Provided free storage space to the British Red Cross at 27 locations, worth just over £37,000.
- Opened the dedicated studio space at our Battersea store for the London Children's Ballet on a peppercorn rent under a Section 106 Social Agreement with Wandsworth Borough council.
- Big Yellow's community investment for the year, delivered via discounted space, was £334,000, £307,000 of which was given free of charge.
- We raised over £223,000 for the Big Yellow Foundation and distributed £146,500 to its 7 charity partners.
- Produced our third Annual Report for the Big Yellow Foundation (for FY 2019/20).
- Inspired one of our contractors to take up the opportunity of contracting with a social enterprise.

4.2 Community Investments

Free Space donated for community or charity use (£)	£270,570*
Free Space donated to the British Red Cross	£37,021*
Discounted space of up to 90%	£26,867*
Payments to Social Enterprise Organisations (£)	£0.00
Total employee Big Yellow Foundation fundraising & Big Yellow matched funds (£)	£4,569*
One-off donations	n/a
Total Community Investment	£339,027*

* Indicates data reviewed by SGS as part of their assurance work

£147,000

donated to seven Foundation charity partners

£37,000

worth of storage space donated to the Red Cross

4.3 Big Yellow Foundation

During the year, the Big Yellow Foundation adopted a seventh charity partner: Street League; together with Bounce Back, Breaking Barriers, the Back Up Trust, the Down's Syndrome Association, Hire a Hero and St Giles Trust; they form our permanent Foundation charity group.

The Foundation has posted its annual report and accounts, which can be found on the charity commission website.

You can find out more about all of our partners and the Big Yellow Foundation on our website https://www.bigyellow.co.uk/foundation/.

Big Yellow and our customers and employees provide the income to the Big Yellow Foundation. Our Big Yellow Foundation Steering team, who meet on a quarterly basis, determines how best to raise funds, and promote the Foundation to our employees, customers, and suppliers.

The Foundation is Big Yellow's main vehicle to deliver a consistent customer and employee facing community programme.

Big Yellow and the Big Yellow Steering Committee has set a target of raising £150,000 for the financial year commencing 1 April 2021.

The Big Yellow Foundation's income in the year was £223,243. This consists of customer donations, Big Yellow donations, Directors' one-off donations, employee fundraising and Big Yellow matched employee fundraising donations and Gift Aid.

As the Foundation's income is dependent on customer move-ins, the pandemic had impacted the income dramatically during the first lockdown.

Both the Big Yellow business as well as the Executive and Non-Executive Directors stepped in to ensure the Foundation could continue to pay out grants at a time when all charities were struggling.

The Foundation paid out just over £146,000 to its seven charity partners in the year.

In addition to the Trustees' time and the Steering Committee's time, Big Yellow furthermore supports the Big Yellow Foundation with donations in kind, by providing financial and accountancy services plus the secretariat to the Big Yellow Foundation Board of Trustees.

5.0 Our Customers

Our most material commitment to all of our customers is a safe, secure, welcoming, and friendly environment.

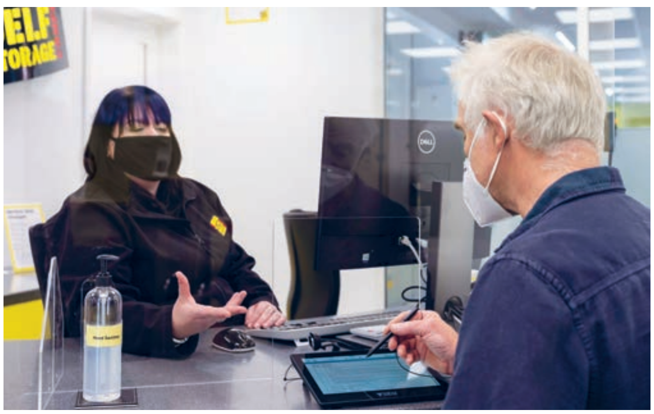
We are very pleased to say that we have been able to continue to serve our customers during all three Covid-19 related Lockdowns; playing our part in keeping businesses going and helping our customers to manage key events in their lives, both predictable and unpredictable.

At Big Yellow, the health and safety of our team members and customers is our principal priority, and this has never been more so than during the pandemic. Our storage facilities are large buildings, but not crowded places and generally we have a low intensity of use.

At the beginning of the pandemic we provided PPE appropriate for our team members to use and carried out risk assessments to confirm our stores remain Covid-19 compliant, with appropriate measures, including by way of example:

- we have provided Perspex barriers, floor distancing markers, face coverings, protective gloves, hand sanitisers and other washing facilities;
- all our customers must wear a face covering at all times when in our reception area or in our storage area;
- our staff wear a face mask at all times when dealing with customers in our reception or storage areas;
- we have installed appropriate Covid-19 customer signage, which is kept under review;
- only a limited number of customers are allowed into our reception area and lifts at any one time;
- only one customer is allowed in a lift at a time;
- we have intensified the daily cleaning levels of our storage facilities, especially in the most commonly touched points; and
- the vast majority of our team members drive, cycle or walk to work and we have encouraged more to follow suit; in the first Lockdown we paid for staff to get taxis to work, rather than use public transport.

We intend to keep all the above protocols under review as government regulations evolve over the year ahead.



5.1 Highlights

- We responded promptly to meet the needs of our customers during the Pandemic: we continued operating with reduced reception hours during the first Lockdown, reminded customers that out of hours access was an available option and ensured our store environment was clean.
- Our NPS (Net Promoter Score) for combined move-in and move-out responses was 82.9.
- Strengthening our Customer Engagement activities with:
  - strong social media content;
  - engaging customer journey content;
  - visibility of our commitment to using renewable energy through in-store displays as well as a centralised solar generation display on our corporate site; and
  - continued engagement with our Big Yellow Foundation – over one third of customers donate at either move-in or move-out stage.
- All of our stores now have an EPC (Energy Performance Certificate) rating, with 99% of our stores in the 'Green range' – making our customers aware of the energy efficiency of the store that they use.

6.0 Our Suppliers

Big Yellow recognises that it can have a significant impact on its suppliers and that its suppliers are integral to Big Yellow delivering its own environmental and social responsibilities.

How we manage our suppliers

We manage our suppliers on a decentralised basis, with each Department Head overseeing the onboarding, contracting and in-life management of their suppliers. Many of our suppliers have become trusted partners, having worked with us for many years.

In addition, our construction partners source a broad variety of materials from companies all over the world on our behalf. Whilst these goods are not sourced directly by us, some may be specified by us. We place great value on using recycled materials in our construction process and these are procured in accordance with our guidelines.

We have c. 600 direct suppliers in total, but 80 of whom represent c. 85% of our spend. These suppliers deliver creative and marketing services, legal and financial services, as well as the full range of real estate products and services, such as planning advice, architectural services, project management for construction, cleaning, and maintenance.

Most of these suppliers provide professional, highly skilled advice and services.

Supplier engagement

This year, we have engaged with our cardboard box suppliers to ensure that the material for the boxes we sell comes from sustainable sources that do not contribute to deforestation.

All of our suppliers have been able to provide us with chain of custody documentation assessed and certified by SGS.

Air source heat pumps at our Battersea store.

6.1 Highlights

- We are happy to report that we have been able to retain our Prompt Payment Code ("PPC") performance certificate due to our continued strong payment performance.
- We have been recognised as a Supplier Engagement Leader by the Carbon Disclosure project.
- We have conducted a spend-based Scope 3 footprint assessment.
- We have successfully rolled out our Invoice approval and processing software, which utilises Optical Character Recognition technology to automatically capture invoice data, significantly increasing our capacity to process invoices. The software has enabled us to move towards a paper-free purchase invoice process.
- We continue to deliver strong payment performance:
  - We paid 58% of invoices within 30 days and a further 39% between 30 and 60 days. The first half of the year was impacted by the pandemic, and the promptness of payment improved in the second half, aided by the adoption of the invoice management technology referred to above.
  - Our average time to pay an invoice: 32 days.

No issues were raised via our confidential Whistleblowing Helpline.

6.2 Supplier Payment Terms

Days	Apr – Sep 20 Number of invoices	% paid	Oct 20 – Mar 21 Number of invoices	% paid	Total number of invoices FY 2020/21	% paid
< 30	2,813	50%	4,184	64%	6,997	58%
30 – 60	2,607	47%	2,125	33%	4,732	39%
> 60	194	3%	184	3%	378	3%
Total	5,614		6,493		12,107	

6.3 Supply Chain Risk

We provide a full update of supply chain risks as part of our reporting on the UK Modern Slavery Act. However, as we do not report on the Modern Slavery Act until later in the year, we would like to provide a brief update here. In July 2020 both our Construction team and our Facilities team engaged with their relevant partners and suppliers to prominently display our anonymous whistleblowing helpline.

Our construction partners have been displaying the poster in our construction site offices; our Facilities contractor in our store communal areas.

The poster is kept unbranded on purpose to re-enforce the message that any calls are treated in confidence; in March 2021 we had changed the contact details for our Whistleblowing Hotline as the existing supplier has merged with a second provider, we have been migrated to the new supplier's platform.

6.4 Scope 3 Footprint

Having established a robust approach to collecting and reporting Scope 1 and 2 emission data, we also wanted to understand our Scope 3 footprint better. We believe that understanding our wider environmental impact allows us to be better prepared to meet future opportunities and challenges. Assessing our Scope 3 Footprint was a necessary first step to understand material aspects of our extended value chain.

We have published our Scope 3 Assessment on our Corporate Website, Case Studies. We intend to develop plans to address these in the near future. We furthermore intend to use our Scope 3 work to set science-based targets later during 2021/22.

CDP
SUPPLIER
ENGAGEMENT
LEADER
2020

7.0 Our Health & Safety

Big Yellow Self Storage recognises the importance of maintaining high standards of Health & Safety for our customers, staff, contractors, and any visitors to our stores. Our Health & Safety Committee reviews Policies, Risk Assessments, performance, and records on a quarterly basis. The Policies cover two distinct areas – our routine store operations and our fit-out construction activities.

As we navigated various measures such as local restrictions and national lockdowns throughout the year, we have continued to do our utmost to protect our staff, our customers, and our visitors as much as possible by, amongst other measures:

- issuing specific guidance on (additional) cleaning procedures;
- making available extra cleaning products and protective equipment, such as hand sanitiser gel, facemasks, and gloves, available to customers and staff;
- introducing temporary home working for all office-based staff who could work from home; we have since updated our working from home policy to increase flexible working for office-based staff; and
- temporarily adjusting our reception trading hours and controlling access to our store receptions to minimise the risk of the virus spreading.

7.1 Highlights

Covid-19: We do not usually report on sickness absence and do not intend to do so this year. We have had a number of staff self-isolating and some have reported Covid-19 symptoms. We are asking staff with symptoms or underlying health conditions to stay at / work from home in order to protect themselves, their colleagues, and our customers.

To date, we are pleased to report that none of our current employees have lost their lives or been seriously ill due to Covid-19. Furthermore, we can report our highlights this year as follows:

- There were no "Fatal Injuries, Notices or Prosecutions" during the year ended 31 March 2021 in any part of our operations.
- A formal internal meeting was held on 14 May 2020 to review store and Head Office working policies in conjunction with the Government's advice for Covid-19. Signs and Posters have been displayed around reception and loading bays areas, following this meeting. A follow-up meeting was held on 18 January 2021 and no changes were needed.
- Our external H&S consultant reviewed the implemented Covid-19 policies in November 2020. There was no adverse feedback.
- Out of the 37 minor injuries to our customers, over 72% were the result of minor cuts. All but one of these could have been avoided by wearing gloves.
- Our staff suffered 6 minor injuries, for a variety of reasons, including cuts and trips.
- There were 7,111 'Person Days' worked on new store construction 'Fit-out' projects in 2020/21. This work was on our new store developments in Camberwell, Battersea, and Bracknell, as well as the last two weeks in March in Uxbridge. There were no reportable accidents for our Construction fit-out activities.
- During the year, we opened our new stores in Bracknell, Camberwell, and Battersea. The Considerate Constructor Schemes ("CCS") for the three newly opened stores were as follows: Camberwell 40, Bracknell 38, and Battersea 37.
- Camberwell achieved the highest ever CCS score and received praise for how its Covid-19 measures were implemented.

Corporate and Social Responsibility Report (continued)

7.2 KPIs

Store Customer, Contractor and Visitor Health & Safety

Year Ended 31 March	2018	2019	2020	2021
Number of Customer Move-ins[1]	73,662	73,293	70,661	**66,366**
Number of Minor Injuries	61	55	56	**37**
Number of Reportable Injuries (RIDDOR)	1	4	0	**2**
RIDDOR per 100,000 Customer Move-ins	1.3	5.5	0	**3.0**

Indicates data reviewed by SGS as part of their assurance work
Notes : RIDDOR = Reporting of Injuries, Diseases and Dangerous Occurrences.
(1) Please note this number is provided by the central finance team and audited as part of our third-party financial audit. Any normalising data is not assured by SGS.

Big Yellow Staff Health & Safety (Stores & Head Office)

Year Ended 31 March	2018	2019	2020	2021
Average Number of Staff[2]	335	347.3	361.1	**369.8**
Number of Minor Injuries	13	14	10	**6**
Number of Reportable Injuries ("RIDDOR")	1	0	0	**0**
AIIR per 100,000 staff	299	0	0	**0**

* Indicates data reviewed by SGS as part of their assurance work.
Notes: Annual Injury Incident Rate = the number of staff reportable injuries / average number of staff (x100,000).
(2) FTE is used

Big Yellow Construction 'Fit-Out' Health & Safety

Year Ended 31 March	2018	2019	2020	2021
Number of Total Person Days worked	2,726	2,473	2,667	**7,111**
Number of Minor Injuries	3	2	1	**7**
Number of Reportable Injuries (RIDDOR)	0	0	0	**0**

* Indicates data reviewed by SGS as part of their assurance work.
Notes: RIDDOR = Reporting of Injuries, Diseases and Dangerous Occurrences.

8.0 Our Environment

Environmental Responsibilities

Our CSR Policy sets out the aspects of what we manage. Our CSR Policy Standard and our web content provide further information on how we manage the impact of our business on society and the local environment, to control our risks and manage our opportunities in a sustainable manner.

Environmental compliance

Our full CSR Report and the relevant sections within this Annual Report and Accounts (Directors' Report and CSR section) have been prepared in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implementing the Streamlined Energy and Carbon Reporting ("SECR") requirements. The Greenhouse Gas ("GHG") section of the CSR report has been reported in accordance with the WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard.

Approach

We have provided a specific section on energy, emissions, water, and waste in our full CSR Report, reporting against all environmental European Public Real Estate Association ("EPRA") indicators (and Global Reporting Initiative indicators where relevant). Having achieved ' Gold' status in terms of transparency and quality of our reporting during 2019/20 we continue to present our data in this format.

Where we feel further KPIs may be insightful, we have provided these in each subsection too, including a brief narrative to explain variances where applicable.

Any changes we make to our reporting are tabled in our Basis of Reporting document.

Benchmarking and Standards

We use the detail in this CSR Report to participate in external/industry benchmarks, such as the annual Carbon Disclosure Project ("CDP"), the Global Real Estate Sustainability Benchmark ("GRESB") and FTSE4Good to engage with our other Ethical Investors.

The GRESB and CDP benchmarks inform our investor community of our general ESG performance, our governance approach, risk management protocols and a range of other indicators that give reassurance that our business is 'sustainable'.

We consider GRESB and FTSE4Good to be particularly relevant to the nature of our business and our continued inclusion forms part of select Big Yellow's senior managers performance conversations.

We are aware of the limitations we face with taking part in benchmarks designed for traditional Real Estate organisations rather than self storage but value the opportunity to be transparent and are committed to continued participation.

Assurance of Data

We have commissioned SGS United Kingdom Ltd to carry out independent assurance of our Greenhouse Gas emissions disclosures and other select voluntary disclosures, at a limited level of assurance according to the International Organisation for Standardisation's (2006) ISO 14064-3.

8.1 Big Yellow Net Renewable Energy Positive ("NREP") Strategy and Net Zero Emissions Strategy

The Environmental Committee researched, designed, and proposed the Company's NREP Strategy, Net Zero Scope 1 & 2 Strategy and Net Zero Scope 3 strategy during the last year. This was approved and adopted by the Board at its Sustainability Committee meeting held on 24 March 2021.

We are developing a standalone Pathway document, which is based on the Better Building Partnership 'Net Zero Carbon Pathway Framework' to explain in more detail these CSR strategies. This document will be published together with the Annual Report and Accounts FY 2020/21 in June 2021.

As part of the NREP Strategy, the Sustainability Committee approved budgets to deliver:

- Retro-fitting of 36 stores with solar PV installations.
- Adding further solar PV installations to 12 stores that have existing smaller systems.
- Installing PV systems of up to 85kWp on our pipeline of new stores.
- Removing gas boilers from our 8 stores currently heated with gas.
- Switch our petrol van to an electric van – we have no other company-owned vehicles.
- Piloting – and subsequently deploying – battery storage at our stores, when feasible.

We will be reporting on progress as part of our annual reporting processes.

8.2 Highlights

- We installed 6 new Solar PV systems, 3 on existing stores, and 3 on our newly opened stores in the last year. We now have an estate with 28 Solar PV installations – this has increased our renewable electricity generation by 15% from the prior year.
- Our stores with Solar PV Installations generate just under 18% of their total energy need (solar + electricity).
- Despite the opening of three new stores, our absolute electricity use shows a small decrease of 2.3%; our like-for-like store portfolio electricity use has a stronger decrease of 3.3%.
- As of October 2019, we purchase REGO-backed 100% renewable electricity from Opus Energy, which allows us to report our market-based electricity as 'zero carbon'.
- We conducted a Scope 3 footprint assessment to further our understanding of our wider impacts.

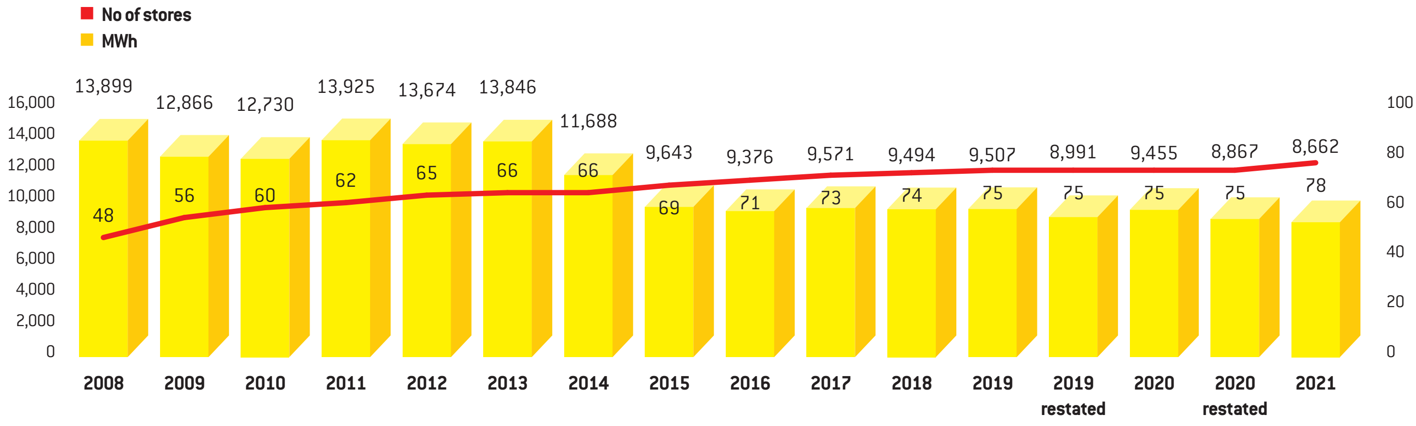
8.3 Energy

The chart below shows how grid bought electricity used in our stores between 2008 and 2021 has changed over time.

With increasing store numbers open, our long-term electricity use is remaining pleasingly stable. This is because new stores coming on board are built efficiently, using best available technology, and come ready equipped with solar installations.

Some of our stores rent out roof space to a company that installs and operates telecoms masts. The masts are powered via our stores' electricity supply, increasing the total store energy consumption. This additional energy became a material percentage of our emissions during 2018/19. As the masts are not within our control, we are removing their electricity consumption from our total and have restated affected electricity, energy, and emission data in this year's report for 2019 and 2020.

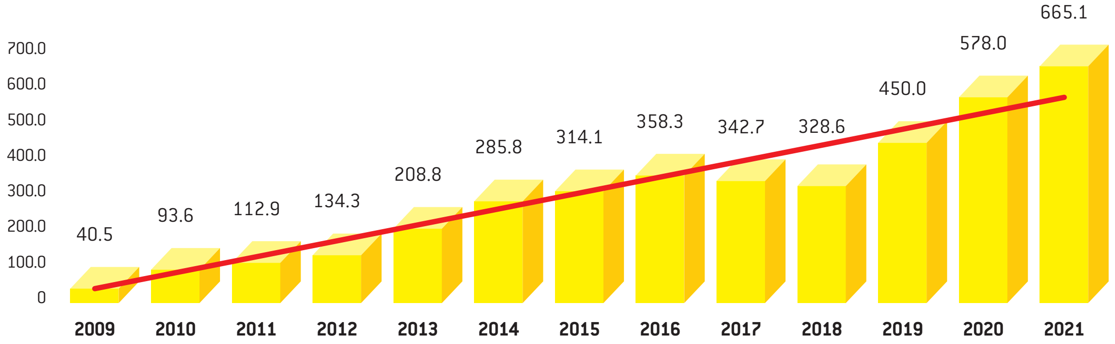
Store Portfolio Long Term Grid Electricity Consumption (2009 to 2021)



Store Portfolio Long Term Solar Electricity Generation (2009 to 2021)

Our portfolio of stores with roof-mounted solar PV installations generate carbon free electricity that is monitored for performance and generates financial payments from energy companies we export to. We now have 28 stores that generate renewable solar electricity.

Next steps: we have identified 36 stores without solar PV installations that are potentially suitable for solar – we expect to retrofit approximately 12 of these during the year ending 31 March 2022 and subsequently approximately 12 per annum thereafter.



8.4 Emissions

Highlights

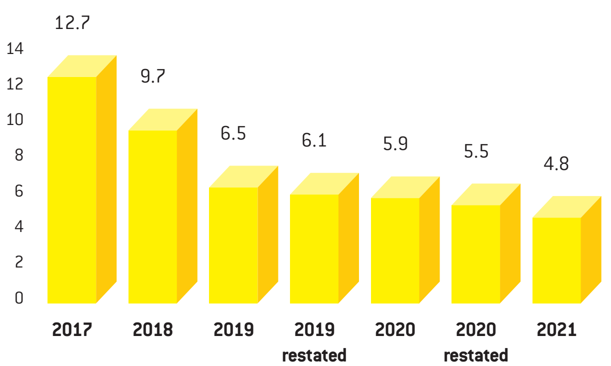
- Our absolute Scope 1 and Scope 2 Store and non-Store emissions saw a decrease of 8.1%. There are three main causes for this decrease: a favourable UK fuel mix; our investment in on-site renewables with six new solar PV installations during the year; and a small decrease of electricity use in stores, likely driven by reduced activity during the lockdowns. We have also removed the energy used to power telecoms masts from our total.
- We have completed our first (spend-based) assessment of our Scope 3 footprint.
- Our market-based emissions (from electricity) are now 0 tCO_2e thanks to our REGO-backed 100% renewable electricity contract.

Scope 1 and 2 GHG Emission Intensity / Occupancy, Revenue & CLA (GHG-Int.)

Year Ended 31 March	2019	2019 restated	2020	2020 restated	2021
Total GHG Scope 1& 2 Emissions location-based (Total tonnes CO_2e)	2,798.8	2,640	2,571	2,369	**2,177***
Total GHG scope 2 Emissions market-based (Total tonnes CO_2e)		New for 2019/20	1,274	1,100	**0***
Scope 3 Electricity Transmission Losses and Employee Business travel (Total tonnes CO_2e)	366	366	315	303	**250**
tCO_2e/ revenue (£000s) – location-based	22.3	21.1	20.6	19.9	**16.1***
tCO_2e/ revenue (£000s) – market-based		New for 2019/20	10.2	8.5	**0.0**
$kgCO_2e$/ m^2 occupied space	7.9	7.4	7.2	6.6	**5.8***
$kgCO_2e$/ m^2 CLA	6.5	6.1	5.9	5.5	**4.8***

Please note that in this report, we do not include emissions from fit-out activity that may have occurred during the year. Therefore, during years where fit-out activities take place, these metrics may vary slightly from those presented in the SECR. Excluding our fit-out data allows us to compare performance year on year with more consistency.

Carbon intensity (per cla sq m)



8.5 Water

We have been working on improving our data collection for water and have documented our approach in this year's Basis of Reporting document.

We benchmark our water consumption against the Better Building Partnership's ("BBP") Real Estate Environmental Benchmarks (Water). We have selected: 'Water Benchmarks – Enclosed Shopping Centres' – 'Water Intensity' – Water Intensity by space (litres/m^2 CPA / year).

With a water intensity measure of 78, we're very pleased to share that our water consumption remains significantly lower than BBP's 'Good' level.

We have asked our auditors to conduct an assurance gap analysis for 'Water'. This should allow us to identify further opportunities for data collection. We will review the findings of our auditors and establish a plan of action accordingly.

8.6 Waste

During the year, we have had increased demand from our business customers for waste services. In several instances, we facilitated the separate collection of customers' waste (which is not reported in our figures) but understand some stores are likely to have permitted Big Yellow bins to be used for customer waste. This has impacted on our performance.

We are working with our waste contractors to better understand our waste data – we have included 'waste' in our assurance work with SGS and hope to improve on our data reporting and subsequently on our recycling performance.

8.7 Resources Use

As we are looking towards other potential opportunities, we are likely to focus our efforts on other areas of our business, such as paper use and will report on individual initiatives over time.

Packaging: The eight product lines we had identified for modification by 2022 have all now had their single use plastic packaging removed.

Paper-free customer move-ins have gone live in our stores, saving approximately 800,000 pieces of paper each year.

Our internal 'weekly bulletin' sign off process has moved online, saving approximately 60,000 pieces of paper each year.

Avoidance of unnecessary waste helps to reduce our carbon emissions; minimises waste going to landfill and demonstrates our commitment to sustainability. We have identified 20 processes that involve the printing of paper, totalling around 1.5 million pieces of paper. We have graded each process into difficulty in terms of finding an alternative solution and intend to work our way through these over the next few years to reduce paper usage as much as possible.

28

solar stores

EVCs

Electric Vehicle charging points at all new stores

8.8 Green Store Portfolio

There are a number of measures we can use to demonstrate that at Big Yellow environmental considerations are embedded into our operations. The overwhelming majority of our stores are in the green banding for energy efficiency and several of our stores have other features, such as solar PV and green roofs or wall.

- 100% of our CLA (Current Lettable Area) is covered by Green aspects.
- We added to our solar PV estate by equipping our three newest stores – Camberwell, Bracknell, and Battersea – with a 50kWp installation.
- We retro-fitted three existing stores with a 50kWp installation– Tunbridge Wells, Watford, and Norwich. These stores are part of loan security provided to one of our lenders, Aviva. Following the installation of these solar panels, we received a 5 bps reduction in the margin on the "green loan" that Aviva provided to us.
- 98.7% of our certified stores achieve an EPC performance of C or above.
- All of our estate is covered by an Energy Performance Certificate.
- Electric Vehicle Charging pods now provided as standard for all new stores.

9.0 Benchmarks and Standards

9.1 Highlights

- We achieved a "Gold" standard for EPRA sBPR (sustainable best practice reporting).
- We achieved a GRESB score of 80% (4 stars) – despite a revised scoring approach by GRESB.
- We achieved a 'A-' (Management) rating from CDP 2020 – our highest ever rating.
- We maintained our MSCI score of 'AA'.
- We maintained our FTSE4Good scores.
- We have developed a risk and opportunities assessment as part of our commitment to implement the TCFD recommendations – for more information, please see the 'Managing Risks and Opportunities' section.
- For Construction activities, we also sign up to BREAAM standards and the Considerate Constructor Scheme ('CCS'); Camberwell achieved an outstanding CCS score of 40.

10. Legislation

Big Yellow has obligations under several regimes and regulations, namely:

- The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('SECR');
- EU Energy Efficiency Directive, The UK Energy Savings Opportunities Scheme ('ESOS');
- Energy Performance Certificate ('EPCs') – please see 'asset list & green store portfolio' section in this report for more information.

11. Managing Environmental and Climate Change Risks and Opportunities

11.1 Task Force on Climate related Financial Disclosure ("TCFD") - Risks and Opportunities

During the year, we have strengthened the Company's governance of climate-related risks and opportunities by creating a Sustainability Committee. The Board level Sustainability Committee is chaired by our Non-Executive Director, Heather Savory.

Until the creation of our Sustainability Committee, the TCFD recommendations were managed as part of the Environmental Committee and reported to the CEO and CFO.

Our new Net Renewable Energy Positive (NREP) Strategy and Net Zero Emissions Strategy will both aim to deliver the opportunities we have identified through the TCFD assessments and mitigate the risks, in particular our Transition Risks.

11.2 Work Going Forward

- Using the 27 stores that may experience an increase in total number of "hot days" and a temperature increase of hottest day, model potential increase in energy costs for cooling.
- Understand better the suitability of external tools, such as the Carbon Risk Real Estate Monitor ("CRREM") tool methodology. Please note the CRREM tool at present only covers offices.
- External reporting – we are committed to transparent external reporting and providing investor assurance that we are taking appropriate steps to ensure our Company's ability to thrive in a changing environment.

11.3 Metrics

We hope our TCFD related metrics will provide a snapshot for all interested stakeholders. We have been taking part in voluntary 'Resilience' modules as part of GRESB and have submitted more details to the CDP risk questions; the GRESB Resilience module has now been integrated into the overall list of questions, but unfortunately is not scored and therefore is likely to be only of limited use to external readers.

We aim to achieve a good balance between disclosing our risks and any mitigating actions we are taking and protecting commercially sensitive information. We trust this section achieves this balance; for any further questions, please contact csr@bigyellow.co.uk.

Climate-related Risks and Opportunities

Climate-related Risks

Aspect	KPI	2019	2020	2021	Target
Regulation	Number of EPCs rated F or G[3]	0	0	0	Maintain
Extreme Weather	% of current lettable are (sq ft) located in Planning flood Zone 3 & at least medium to high risk of surface water flooding[4]	New for 2020/21		0.87[5]	n/a
	% of at risk current lettable area protected by adaptive measures, such as raised floors or SUDs[6]	100%	100%	100%	100%

(3) See our Performance section for specific breakdown
(4) m^2 from ground and below ground level floors
(5) Slight increase due to the reopening of Battersea
(6) SuDS – Sustainable Urban Drainage

Attenuation tank for the SuDS infrastructure at our new store in Uxbridge being installed

Climate-related Opportunities

Aspect	KPI	2019	2020	2021	Target
Transitioning to a low carbon economy	% of electricity from renewable energy generation	3.5%	6.1%	7.1%	100%+ by 2030
	£000s investment in retro-fitting activities to drive decarbonisation (approximately)	£100k	0	~£600k	£5.5m to 2025
	% of electricity purchased from renewable sources ('market-based')	n/a	n/a	100%	100%
	Greenhouse Gas (GHG) emissions intensity from building energy consumption (Scope 1 & 2) – $tCO_2e/CLA(m^2)$	6.1	5.5	4.8	See notes
Market opportunities	Deploy electric vehicle charging pods for customers and employees at each newly built store (total installed)[7]	1	2	5	All new stores

Notes to the table: Will be set as part of the science-based target work 2021/22.
(7) 2019: Oxford only. 2020: Oxford and Manchester. 2021: Oxford, Manchester, Camberwell, Bracknell, and Battersea

12. Our Stakeholders

This year, the Board of Directors has set out in the Governance section of our Annual Report and Accounts an overview of engagement activities with our key stakeholder groups. These are identified as (1) our employees, (2) our shareholders, (3) our customers, (4) our suppliers and (5) our communities. Please note that in our CSR Stakeholder assessment we also name 'the Environment' as well as local and national Government as further stakeholder groups, and their needs and our engagement activities are set out here.

Our key stakeholders are closely aligned to our material impacts – it is important to us to make sure we understand what matters to them so we can meet their needs. We also set out how we engage with them, how we obtain their thoughts and opinions and how we report on progress where appropriate.

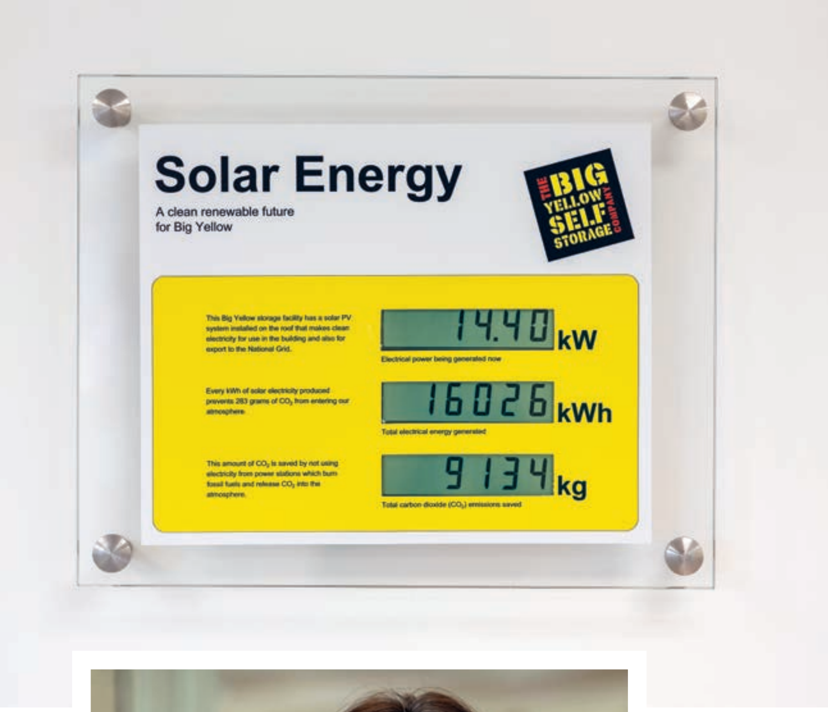
Investors

The GRESB and CDP benchmarks inform our investor community of our general ESG performance, our governance approach, risk management protocols and a range of other indicators that give reassurance that our business is 'sustainable'.

For more information on these benchmarks, please see the 'Benchmarks, Legislation and Standards' section.

Our Directors run a programme of face-to face investor engagement activities by holding roadshows following annual and interim reporting cycles and attend investor conferences, both in the UK and internationally.

We also provide specific information on request to other investor benchmarks, where available.



CDP
A-

EPRA sBPR
Gold Standard

GRESB
Sector Leader

Independent Assurance Opinion on the Corporate Social Responsibility Report

SGS United Kingdom Ltd's Assurance Opinion On Selected Sustainability KPIs In Big Yellow's Corporate Social Responsibility Report 2020/21

Nature, Scope and Purpose of the Assurance

SGS United Kingdom Ltd was commissioned by Big Yellow Group PLC (Big Yellow) to conduct an independent assurance of selected sustainability KPI data in their Corporate Social Responsibility Report 2020/21 ('the Report'). The scope of the assurance included FY2020 data only for the following KPIs:

Carbon footprint (Scope 1 & 2) data

- Store electricity (tCO_2e)
- Store flexi-office gas emissions (tCO_2e)
- Refrigerant emissions (tCO_2e)
- Absolute carbon dioxide emissions (tCO_2e)
- Store Electricity use (kWh)
- Like-for-like electricity use (tCO_2e)
- Absolute carbon emissions (tCO_2e)
- Carbon intensity ($kgCO_2e/m^2$ current lettable area)
- Carbon intensity ($kgCO_2e/m^2$ occupied space)
- Carbon intensity (tCO_2e/£000s revenue)
- Total renewable energy (kWh)
- Renewable energy percentage of total store use (%)

Carbon footprint Scope 3 data

- Water Supply and Water Treatment
- Store waste disposal

Health & Safety data

- Staff, customer, and visitor minor Injuries
- Staff, customer, and visitor reportable injuries (RIDDOR)
- Staff, customer, and visitor annual Injury Incidence rate (AIR) per 100,000 staff
- Staff, customer, and visitor notices
- Construction 'fit-out' minor Injuries
- Construction 'fit-out' reportable injuries (RIDDOR)

Community investment data

- Free Space donated for community or charity use (£)
- Charity discounts of up to 90% (£)
- Payments to Social Enterprise organisations (£)
- Total employee Big Yellow Foundation fundraising & Big Yellow matched funds (£)
- One-off donations (£)
- Total Community Investment (£)

People data

- Total number of employees
- % female employees at each management level
- Number of new employees: stores, head office, and total
- Proportion of new employees
- Number of leavers: stores, head office, and total
- Proportion of leavers
- Training hours: total, and average hours by gender

Financial data and other data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process. This includes data used to normalize figures: revenue; average number of employees; current lettable area; occupied space.

The purpose of this assurance exercise was, by review of objective evidence, to independently review whether the KPI data is as declared by Big Yellow, and reported in the Report, is accurate, complete, consistent, transparent and free of material error or omission.

The Report has been assured at a limited level of assurance according to ISAE3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, to evaluate veracity of specific KPIs as described above using SGS Sustainability Report Assurance protocols, including the Global Reporting Initiative (GRI) Principles of for Report Content and Quality to enable robust evaluation of data subject to verification.

Greenhouse Gas (GHG) data

CO_2 emissions from own operations were verified at a limited level of assurance according to standard EN ISO14064-3:2006 Specification With Guidance For The Validation And Verification Of Greenhouse Gas Assertions, to establish conformance with the requirements of Big Yellow's reporting methodology as stated in its 'Basis of Reporting 2020/21' and the WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard ('The WRI/WBCSD GHG Protocol'), within the scope of the verification. The materiality required of the verification was considered by SGS to be below 10%, based on the needs of the intended user.

The engagement included verification of emissions from anthropogenic sources of greenhouse gases included within the organisation's boundary and meeting the requirements of Big Yellow's 'Basis of reporting 2020/21', and the WRI/WBCSD GHG Protocol. The organisational boundary was established following the operational control approach.

- Description of activities: Self-Storage services
- Location/boundary of the activities: United Kingdom
- Physical infrastructure, activities, technologies and processes of the organisation: Self-storage stores and administrative offices
- GHG sources, sinks and/or reservoirs included:
  - Scope 1 – stationary combustion, mobile and fugitive emissions;
  - Scope 2 – purchased electricity and solar generation;
  - Scope 3 – Store Water and waste
- Types of GHGs included: CO_2, N2O, CH4 (HFCs, PFCs, SF6 and NF3 are excluded)
- Directed actions: none

Methodology

The assurance comprised a combination of pre-assurance research, interviews with relevant management representatives and external data management providers, documentation and record review. Verification was conducted upon all KPIs within the verification scope as an evaluation of historical data and information to determine whether the reported KPI data is materially correct and conforms to criteria described above.

SGS' approach is risk-based, drawing on an understanding of the risks associated with modelling GHG emission and other KPI information and the controls in place to mitigate these risks. Our examination included assessment, on a sample basis, of evidence relevant to the voluntary reporting of KPIs, including emission information.

Statement of Responsibilities, Independence and Competence

The information in the Report and its presentation, including the underlying systems, procedures and records, are the responsibility of the directors and the management of Big Yellow. SGS United Kingdom Ltd has not been involved in the preparation of any of the material included in the Report. Our responsibility is to express an opinion on the data within the scope of verification with the intention to inform Big Yellow's stakeholders.

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS United Kingdom Ltd affirm our independence from Big Yellow, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders. The assurance team was assembled based on their knowledge, experience and qualifications for this assignment and conducted the assurance in accordance with the SGS Code of Integrity.

Assurance Opinion and Conclusion

On the basis of the methodology described and the verification work performed, nothing has come to our attention that causes us to believe that the KPI data within the scope of our verification as reported by Big Yellow in the Report is not, in all material respects, fairly stated. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

Greenhouse Gas (GHG) data

SGS concludes with limited assurance that there is no evidence to suggest that the presented CO_2 equivalent assertion is not materially correct and is not a fair representation of the CO_2 equivalent data and information and is not prepared following the requirements of Big Yellow's 'Basis of reporting 2020/21', and the WRI/WBCSD GHG Protocol.

We planned and performed our work to obtain the information, explanations and evidence that we considered necessary to provide a limited level of assurance that the CO_2 equivalent emissions for the period 01/04/2020 – 31/03/2021 are fairly stated. This statement shall be interpreted with the CO_2 equivalent assertion of Big Yellow as a whole.

Big Yellow provided the GHG assertion based on the requirements of its 'Basis of reporting 2020/' and the WRI/WBCSD GHG Protocol. The GHG information for the period 01/04/2020 – 31/03/2021 disclosing gross emissions of 2,177 metric tonnes of CO_2 equivalent (Location-Based) and 139 metric tonnes of CO_2 equivalent (Market Based) are verified by SGS to a limited level of assurance, consistent with the agreed verification scope, objectives and criteria.

Verified emissions by scope are as follows:

- Scope 1 (Direct): 139 tCO_2e
- Scope 2 – Location based (Indirect): 2,038 tCO_2e
- Scope 2 – Market-based (Indirect): 0 tCO_2e
- Scope 3 – Water – 30.7 tCO_2e
- Scope 3 – Waste – 25.9 tCO_2e

Health & Safety, People and Community Investment data

SGS concludes with limited assurance that there is no evidence to suggest that the reported data is not materially correct and is not a fair representation of data and information, and is not prepared following the requirements of Big Yellow's 'Basis of reporting 2020/21', and the GRI Report Quality principles of transparency accuracy, consistency, relevance and completeness.

Good Practice and Opportunities for Improvement

During the verification process some examples of good practice as well as some opportunities for improvement in underlying processes were identified and reported to Big Yellow with the aim of enabling a process of continual improvement in collection and reporting KPI data. It may be possible to roll out examples of good practice to other KPIs, or parts of the business and the opportunities for improvement identified may be considered for implementation during future reporting cycles:

Good Practice

- The improvements to the health and safety management and reporting made last year have been consolidated
- People and Community data is generated from well managed systems, using clear and consistent reporting parameters
- Big Yellow operates a robust data collection process and the GHG data reporting platform used was found to be robust enough to provide accurate and consistent data reporting when tested.

Opportunities for Improvement

- Overall reporting and verification processes could be strengthened by consolidating collection of KPIs into a single tool containing all definitions, calculations and parameters. This would assist with identifying errors in calculations, and also identifying gaps in verification or reporting.
- Consider using an online reporting database for managing health and safety reports at stores and fit-out sites.
- Continue efforts with obtaining detailed waste data and water data based on actual rather than estimated data.
- We welcome the decision to include Community Investment and People data in the scope of the assurance this year, and we encourage Big Yellow to continue to extent the scope of data assurance in future years.

Signed:

Authorised by:

H. Crick
UK Business Manager
For and on behalf of SGS United Kingdom Ltd
Reg Office: Rossmore Business Park, Ellesmere Port, Cheshire CH65 3EN
Registered in England No: 1193985

Date 24 May 2021

Note: This Statement is issued, on behalf of Big Yellow, by SGS United Kingdom Ltd, Rossmore Business Park, Inward Way, Ellesmere Port, Cheshire, CH65 3EN ("SGS") under its General Conditions for GHG Validation and Verification Services. The findings recorded hereon are based upon an audit performed by SGS. A full copy of this statement and the supporting GHG Assertion may be consulted at Big Yellow and address. This Statement does not relieve Big Yellow from compliance with any bylaws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than its Big Yellow.

Executive Chairman's introduction

Dear Shareholder,

I am pleased to present the Corporate Governance Report for 2021. This report should be read in conjunction with the report on pages 79 to 84, which set out how we have complied with the UK Corporate Governance Code in 2021.

As outlined in my report on pages 14 to 17, 2021 has been a year of growth for the Company, with revenue, cash flow and dividends all up on the prior year, and an increase in our development pipeline to help drive the future growth of the Company.

Governance

The Board believes that the effective delivery of the Company's strategy requires the underpinning of strong corporate governance. The governance of the Group is supported by a robust structure which allows for constructive debate and challenge by its members. This allows the Directors to make effective decisions.

Engagement with our stakeholders

The Board is conscious that there are a number of stakeholders in our business and considers the interests of each of our stakeholder groups in its discussions.

We have a comprehensive investor relations programme in place, with the Executive team carrying out a significant number of meetings with our shareholders during the year. The Non-Executive Directors engage with our shareholders as appropriate. Independent feedback on presentations by the Executive Board Directors to major shareholders is provided to the Non-Executive Directors on a regular basis.

The culture of the business is a key part of our success. In the year to 31 March 2021, the Executive Board Directors have continued to visit each of the Group's stores, where restrictions have allowed, and maintain a flat, apolitical, non-hierarchical culture within the business.

We continue to monitor the Net Promoter Score that we receive from our customers, which remains at a very high level of 82.9 (2020: 81.9).

Looking ahead

Following our performance this year, our attention for the coming year is focussed on managing the business through this period of uncertainty induced by the Covid-19 pandemic. We have placed a significant emphasis during this year on ensuring the safety of our employees and customers through additional investment in Covid-19 compliance, communication, training, and employee welfare programmes. We will continue to invest in our Big Yellow Foundation and its partner charities and also work with local charities throughout our network assisting with space which they need to deliver their programmes. We have been reviewing many aspects of our business stimulated by this crisis, such as working from home, flexible working and enhanced online operations.

We will continue to focus on delivering attractive long-term shareholder returns, behaving responsibly to our stakeholders including employees, customers, suppliers, and the community, and appropriately managing risk.

Nicholas Vetch
Executive Chairman

24 May 2021

How we are structured

The Board has overall responsibility for the manner in which the Company runs its affairs.

The Board

Nicholas Vetch
Executive Chairman

The Board is responsible for:

- setting the strategic direction of the business
- setting the culture and the values of the Big Yellow
- overseeing the internal control system of the Group and its risk management
- approving the annual business plan for the Group
- approving site and store acquisitions and major items of capital expenditure
- approving the Group's financing structure
- ensuring a positive dialogue with our stakeholders is maintained

Executive Directors

The Executive Directors are responsible for:

- implementing the Group's business plan and strategy
- managing the risk of the business
- focussing on financial performance

Turn to page 79 for more information

Audit Committee

The Audit Committee is responsible for:

- overseeing the Group's financial reporting
- overseeing the Group's internal control framework and risk management process
- overseeing the relationship with the external auditor and monitoring their independence

Turn to pages 112 to 116 for more information

Sustainability Committee

The Sustainability Committee is responsible for:

- overseeing the Group's sustainability framework and strategy
- monitoring sustainability performance
- providing guidance on emerging environmental issues, including environmental risks, and their impact on the Group's business
- overseeing the Group's CSR reporting, including external audit/assurance mechanisms

Turn to pages 88 to 89 for more information

Nomination Committee

The Nominations Committee is responsible for:

- reviewing the structure, size and composition of the Board
- succession planning for Directors and other senior Executives
- promoting diversity

Turn to pages 85 to 87 for more information

Remuneration Committee

The Remuneration Committee is responsible for:

- setting, reviewing and recommending the policy on the remuneration of the Executive Directors
- overseeing the senior management team and general workforce remuneration approach
- monitoring the implementation of the Remuneration policy
- overseeing the alignment of reward, incentives and culture

Turn to pages 90 to 111 for more information

Governance

Directors, Officers and Advisers

Executive Directors

Nicholas Vetch,
Executive Chairman

Appointment to the Board
Nicholas was a co-founder of Big Yellow in September 1998 and held the position of CEO until July 2003, when he became Executive Chairman.

Background and relevant experience
Prior to Big Yellow, Nicholas was joint Chief Executive of Edge Properties plc, which he co-founded in 1989, was subsequently listed on the Official List of the London Stock Exchange in 1996 and then sold to Grantchester Properties plc in 1998.

Other appointments
Nicholas is a Trustee of Global Human Rights and Global Human Rights UK.

Committee Membership
None

Skills and contribution
The Company under Nicholas Vetch's leadership has an outstanding track record for delivering consistently strong returns and share price outperformance. Nicholas, along with his co-founder Jim Gibson, developed the strategy of the business and this continues to this day. He is also responsible for leading the property team and has over 35 years' experience working within the UK property sector. Further details on Nicholas' contribution to the business is included in the annual report on page 79.

Jim Gibson
Chief Executive Officer

Appointment to the Board
Jim was a co-founder of Big Yellow in September 1998, initially as Finance Director and he was subsequently appointed Chief Executive in July 2003.

Background and relevant experience
Jim is a Chartered Accountant by background having trained with Arthur Andersen & Co. where he specialised in the property and construction sectors, before leaving in 1989. He was Finance Director of Heron Property Corporation Limited and then Edge Properties plc which he joined in 1994. Edge Properties was listed on the Official List of the London Stock Exchange in 1996 and then sold to Grantchester Properties plc in 1998.

Other appointments
Jim is a Non-Executive Director and shareholder of AnyJunk Limited, a Non-Executive Director and shareholder of CityStasher Limited, a Non-Executive Director and investor in Moby Self Storage, a Brazilian Self Storage business, and is the Chairman of Trustees of the London Children's Ballet.

Committee Membership
None

Skills and contribution
Jim has been with Big Yellow since its formation, and along with his co-founder Nicholas Vetch, has been instrumental in developing the strategy of the business. He leads the day-to-day running of the business and brings substantial knowledge of self storage to the Board, which is invaluable to Big Yellow as it continues to grow. As CEO, the Board believes Jim has demonstrated outstanding leadership and drive, notably in managing the business through the recent period of uncertainty caused by Covid-19. He will continue to be instrumental in maintaining Big Yellow's market-leading position.

Adrian Lee
Operations Director

Appointment to the Board
Adrian joined Big Yellow in January 1999 was appointed to the Board in May 2000.

Background and relevant experience
Adrian was previously a Senior Executive at Edge Properties plc, which he joined in 1996. Prior to that he was a corporate financier at Lazard for five years, having previously qualified as a surveyor at Knight Frank.

Other appointments
None

Committee Membership
None

Skills and contribution
Adrian has twenty two years of operational experience in the self storage sector. He has responsibility for Operations, Human Resources, Corporate Social Responsibility and Construction. His experience has proved invaluable as we have navigated the uncertainties caused by Covid-19.

Committee key

Ⓝ Nomination Committee Ⓐ Audit Committee Ⓡ Remuneration Committee Ⓢ Sustainability Committee ● Committee Chair

Non-Executive Directors

John Trotman
Chief Financial Officer

Appointment to the Board
John joined Big Yellow in June 2007 and was appointed to the Board in September 2007.

Background and relevant experience
John is a Chartered Accountant having trained with Deloitte LLP, where he specialised in the real estate sector and self storage. On leaving Deloitte in 2005, John worked for a subsidiary of the Kajima Corporation until he joined Big Yellow.

Other appointments
John is on the Board of the UK Self Storage Association.

Committee Membership
None

Skills and contribution
John brings strong financial experience to the Group from his 14 years with Big Yellow and prior to that in his previous roles. As CFO, in addition to dealing with the traditional aspects of the role, John is involved in strategy, and in particular all aspects of the day-to-day operations of the business, working alongside Adrian Lee. He has extensive knowledge of the self storage sector.

Richard Cotton N A R S
Senior Independent Non-Executive Director

Appointment to the Board
Richard joined the Board in July 2012

Background and relevant experience
Richard headed the real estate corporate finance team at JP Morgan Cazenove until April 2009, and subsequent to that was a Managing Director of Forum Partners.

Other appointments
Richard is currently the Senior Independent Director of Helical plc as well as a Member of the Commercial Development Advisory Group of Transport for London.

Committee Membership
Chair of Nominations Committee, Chair of Remuneration Committee (from August 2020) and Member of Audit and Sustainability Committees.

Skills and contribution
Richard has extensive knowledge of the property sector and corporate finance. Richard's leadership of the Nominations Committee has ensured that retiring Non-Executive Directors have been replaced with equally high calibre individuals and further improving the gender balance on the Board. He has also led consultations with shareholders in the prior year on the new Corporate Governance Code and during the year on the new Remuneration Policy.

Dr Anna Keay N A R S
Non-Executive Director

Appointment to the Board
Anna joined the Board in March 2018.

Background and relevant experience
Anna has been CEO of the Landmark Trust since 2012, operating a portfolio of 200 historic buildings let for holidays. She has a PhD from London University, starting her career at Historic Royal Palaces and from 2002 to 2012 she was Curatorial Director of English Heritage. She was a trustee of Leeds Castle Foundation from 2009 to 2016. She writes and broadcasts widely, presenting on history and buildings for Channel 4.

Other appointments
Anna is a Trustee of the Royal Collection Trust and is a Governor and Chair of the Buildings and Projects Committee at Bedales School.

Committee Membership
Member of Audit, Nominations, Remuneration and Sustainability Committees. Anna is also the designated Non-Executive Director for workforce engagement

Skills and contribution
Anna, as a historian, and with significant experience in the third sector, adds another dimension to the Board alongside her operational experience from her current role as CEO of the Landmark Trust. In her role as the designated Non-Executive Director for workforce engagement, she has worked closely with the HR team in all aspects of employee engagement reporting back to the Board on a regular basis.

Directors, Officers and Advisers (continued)

Vince Niblett N A R S

Non-Executive Director

Appointment to the Board

Vince was appointed to the Board in June 2017

Background and relevant experience

Vince was the Global Managing Partner Audit for Deloitte. He previously held a number of senior leadership roles within Deloitte including as a member of the UK Board of Partners and of the Global Executive Group and the UK Executive Group before his retirement from Deloitte in May 2015.

Other appointments

Vince is also a Non-Executive Director and Chairman of the Audit Committee of Forterra plc.

Committee Membership

Chairman of the Audit Committee and Member of the Nominations, Remuneration and Sustainability Committees.

Skills and contribution

Vince has many years of financial and commercial experience gained from his leadership roles at Deloitte. He has overseen the work of the audit committee, which included monitoring KPMG LLP as auditors to the Company, and meeting with the external valuers of the Company. He has maintained close dialogue with the external auditors and the senior finance team throughout the year and also worked with Richard Cotton on the shareholder consultation exercise in the prior year and the Remuneration consultation in the current year.

Laela Pakpour Tabrizi N A R S

Non-Executive Director

Appointment to the Board

Laela was appointed to the Board in July 2020.

Background and relevant experience

Laela has 15 years' experience in corporate finance, and is currently the Chief Financial Officer of OpenClassrooms, an online platform offering top quality, education-to-employment programs, and career coaching services for students worldwide. She was previously the Group Chief Financial Officer of MotorK, a venture-backed software as a service tech scale-up, the Group CFO of VistaJet, the global private jet operator, and before that worked in Structured Finance for BNP Paribas. She is a graduate of the Institut d'Etudes Politiques de Paris (Sciences-Po) and the London School of Economics.

Other appointments

Laela also currently serves as a Non-Executive Director of an award-winning East London women's refuge charity called Ashiana Network and as a Trustee of the British Library, where she sits on the audit Committee and Remuneration Committee.

Committee Membership

Member of Audit, Nominations, Remuneration and Sustainability Committees.

Skills and contribution

Laela has significant corporate and financial experience in high growth businesses, adds to the diversity of the Board and brings her own perspective to Board discussions.

Heather Savory N A R S

Non-Executive Director

Appointment to the Board

Heather joined the board of the Big Yellow in March 2021.

Background and relevant experience

Heather was Vice President of Engineering and Operations for 3Dlabs, a high-tech start-up delivering the world's first semiconductor 3D-graphics accelerators for consumer devices and moved on into leadership and advisory roles for high-tech UK SMEs. Heather then worked in various senior government roles including as Director General for Data Capability at the Office for National Statistics which she modernised through a cross-organisation digital, data and workforce transformation. She was also co-Chair of the United Nations Global Working Group on Big Data, developing innovative global data solutions to assist with the measurement and delivery of the United Nations 2030 Agenda for Sustainable Development.

Other appointments

Heather serves as a Non-Executive Director of the UK House of Lords Information Authority and on several Not-for-profit Advisory Boards.

Committee Membership

Chair of the Sustainability Committee, Member of Audit, Nominations and Remuneration Committees

Skills and contribution

Heather brings a track record on sustainability to Big Yellow, following her work with the UN. She has a wealth of experience in the private and public sectors.

Company Secretary and Registered office

Shauna Beavis
2 The Deans
Bridge Road
Bagshot
Surrey
GU19 5AT

Company Registration No. 03625199

Bankers

Lloyds Bank plc
HSBC Bank plc
Bank of Ireland
Aviva Commercial Finance Limited
M&G Investments Limited

Solicitors

CMS Cameron McKenna Nabarro Olswang LLP
Lester Aldridge LLP
Slaughter and May

Financial advisers and stockbrokers

J P Morgan Cazenove

Statutory Auditor

KPMG LLP
Chartered Accountant and Statutory Auditors

Valuers

CBRE
Jones Lang LaSalle

Corporate Governance Report

Introduction

The Company is committed to the principles of corporate governance contained in the UK Corporate Governance Code issued by the Financial Reporting Council in 2018. The Board also takes account of the Corporate Governance guidelines of institutional shareholders and their representative bodies.

At Big Yellow, we aim to create a culture in which integrity, openness and fairness are rewarded.

We continue to review the composition of the Board to ensure that it has the appropriate skills, knowledge, and balance for the effective stewardship of the Company. The Board has overall responsibility for the manner in which the Company runs its affairs.

Statement of compliance with the Code

Throughout the year ended 31 March 2021, the Company has been in compliance with the Code provisions set out in section 1 of the 2018 UK Corporate Governance Code, with the exception of the Executive Chairman of the Company having served in position for longer than the recommended period of nine years.

Chairman's position

During the prior year, which was the Company's first operating under the principals of the new Combined Code, Richard Cotton ("SID") and Vince Niblett consulted with a number of the Company's largest shareholders about the length of Nicholas Vetch's tenure as Executive Chairman (18 years), which is in contravention of the Combined Code. It is now advised as governance best practice that the Chairman should serve for a maximum of 9 years. It is the view of the Board that it is in the Company's best interest for Nicholas Vetch to continue as Executive Chairman for the foreseeable future.

In arriving at this conclusion, the Non-Executive Directors have carefully considered the leadership position that Nicholas Vetch fulfils in the Company and also his leadership of the property team. Moreover, they looked at the governance checks and balances, which are, in their opinion, strong and effective. It is recognised that having a founder Director in post as Chairman for considerably longer than advised, needs justification and the reasons detailed below should inform shareholders that this has been given very thorough scrutiny.

1. The Company under Nicholas Vetch's leadership has an outstanding track record for delivering consistently strong returns and share price outperformance. In the twenty one years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return ("TSR"), including dividends reinvested, of 14.7% per annum, in aggregate 1,671% at the closing price of 1,115p on 31 March 2021. This compares to 5.6% per annum for the FTSE Real Estate Index and 4.7% per annum for the FTSE All Share index over the same period. He has been an integral part of the business since inception.
2. Big Yellow has a strong culture, which has benefited from stable and consistent leadership of the business. This was demonstrated in the Company's response to Covid-19, when all stores remained open and new working practices were introduced very swiftly to safeguard staff and customers.
3. The Board has five independent NEDs, four of whom have been appointed within the past four years, providing fresh perspective and challenge. Furthermore, Michael O'Donnell is joining the Board in September 2021 as an additional independent NED. The NEDs have a wide range of corporate experience and provide effective challenge to the Chairman and the other Executive Directors, which was endorsed by the external appraisal undertaken by Simon Robertson Associates in 2020.
4. The Board has separate committees for Audit, Nomination, Remuneration and Sustainability, each of which are chaired by a Non-Executive Director, and we have a Senior Independent Director who is considered important in sharing the role of Chairman's duties. Specific examples of the board discussion include examination and engagement in the acquisition of new sites, funding decisions, and the strength and quality of the property team.
5. As a Board, we have contingency plans in place in the event one of the Executive Directors cannot fulfil their responsibilities, with a matrix of who would step in to cover their roles. Considerable thought has been given by the Board to succession, which has been approached in the context of a very successful senior team of whom the majority have been in post since the Company was listed in 2000. More detail is provided in the Nominations Committee Report.

The Board were encouraged by the support of its major independent shareholders as it chose to explain rather than comply with the Code on this issue.

Statement about applying the principles of the Code

The Company has applied the principles set out in the Code, including both the main principles and the supporting principles, by complying with the Code as reported above. Further explanation of how the principles and supporting principles have been applied is set out below and in the Nominations Committee Report, the Remuneration Report, and the Audit Committee Report.

Leadership

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed.

Chairman and Chief Executive

The division of responsibilities between the Chairman and the Chief Executive has been agreed by the Board and encompasses the following parameters:

- the Chairman's role is to provide continuity, experience, governance, and strategic advice, while the Chief Executive provides leadership, drives the day-to-day operations of the business, and works with the Chairman on overall strategy;
- the Chairman, working with the Senior Independent Non-Executive Director, is viewed by investors as the ultimate steward of the business and the guardian of the interests of all the shareholders;
- the Board believes that the Chairman and the Chief Executive work together to provide effective and complementary stewardship;

Corporate Governance Report (continued)

- the Chairman:
  - takes overall responsibility for the composition and capability of the Board;
  - takes overall executive responsibility for the property development team; and
  - consults regularly with the Chief Executive and is available on a flexible basis for providing advice, counsel, and support to the Chief Executive.
- the Chief Executive:
  - manages the CFO and Operations Director and the Group's day-to-day activities;
  - prepares and presents to the Board strategic options for growth in shareholder value;
  - sets the operating plans and budgets required to deliver agreed strategy; and
  - ensures that the Group has in place appropriate risk management and control mechanisms.

The Directors believe it is essential for the Group to be led and controlled by an effective Board that provides entrepreneurial leadership within a framework of sound controls which enables risk to be assessed and managed. The Board is responsible for setting the Group's strategic aims, its values and standards and ensuring the necessary financial and human resources are in place to achieve its goals. The Board ensures that its obligations to shareholders and other stakeholders are understood and met. The Board also regularly reviews the performance of management.

Effectiveness

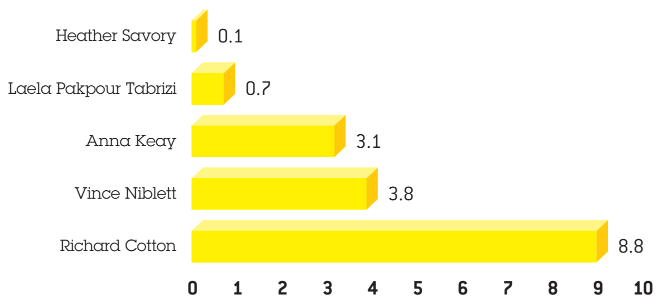
Composition of the Board

The Nominations Committee is responsible for reviewing the Board Composition and makes recommendations to the Board on the appointment of Directors. There are presently five independent Non-Executive Directors on the Board, with Richard Cotton being the Senior Independent Director. The Company complies with the UK Corporate Governance Code in that at least half of The Board is comprised of independent Non-Executive Directors.

All of the Non-Executive Directors bring considerable knowledge, judgement, and experience to Board deliberations. Non-Executive Directors do not participate in any of the Company's share option or bonus schemes and their service is non-pensionable. The Non-Executive Directors are encouraged to communicate directly with Executive Board Directors between formal Board meetings. The Non-Executive Directors meet at least once a year without the Executive Board Directors being present.

The Non-Executive Directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They are required to satisfy themselves on the integrity of the financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration for Executive Board Directors and have a prime role in appointing and, where necessary, removing Executive Board Directors, and in succession planning.

The tenure of the independent Non-Executive Directors at 31 March 2021 is set out below:



Changes to the Board and its Committees

Steve Johnson and Georgina Harvey retired from the Board with effect from the Annual General Meeting in August 2020. Julia Hailes stepped down as a Non-Executive Director with effect from January 2021. Laela Pakpour Tabrizi joined the Board with effect from 1 July 2020 as an independent Non-Executive Director. Heather Savory was appointed to the Board as an independent Non-Executive Director with effect from 1 March 2021. Michael O'Donnell has been appointed as an independent Non-Executive Director, joining the Board with effect from 1 September 2021.

Vince Niblett will succeed Richard Cotton as the Senior Independent Director and Chair of the Nominations Committee with effect from the forthcoming Annual General Meeting. Richard Cotton will retire from the Board with effect from the 2022 Annual General Meeting. Laela Pakpour Tabrizi will succeed Vince Niblett as the Chair of the Audit Committee with effect from the forthcoming Annual General Meeting. Heather Savory succeeded Julia Hailes as the Chair of the Company's Sustainability Committee on her appointment.

The Board and its Committees

Standing committees of the Board

The Board has Audit, Remuneration, Nominations and Sustainability Committees, each of which has written terms of reference. They deal clearly with the authorities and duties of each Committee and are formally reviewed annually. Copies of these terms of reference are available on the Company's website. Each of these Committees is comprised of Independent Non-Executive Directors of the Company who are appointed by the Board on the recommendation of the Nominations Committee.

All the Committees are authorised to obtain legal or other professional advice as necessary; to secure, where appropriate, the attendance of external advisers at its meetings and to seek information required from any employee of the Company in order to perform its duties.

The Chairman of each Committee reports the outcome of the meetings to the Board. The Company Secretary is secretary to each Committee.

Attendance at meetings of the individual Directors at the Board Meetings that they were eligible to attend is shown in the table below:

Director	Position	Number of meetings attended
Richard Cotton	Non-Executive Director	●●●●●●●●
Jim Gibson	Chief Executive Officer	●●●●●●●●
Julia Hailes	Non-Executive Director	●●●●●○○○
Georgina Harvey	Non-Executive Director	●●○○○○○○
Steve Johnson	Non-Executive Director	●●○○○○○○
Anna Keay	Non-Executive Director	●●●●●●●●
Adrian Lee	Operations Director	●●●●●●●●
Vince Niblett	Non-Executive Director	●●●●●●●●
Laela Pakpour Tabrizi	Non-Executive Director	○○●●●●●●
Heather Savory	Non-Executive Director	○○○○○○●●
John Trotman	Chief Financial Officer	●●●●●●●●
Nicholas Vetch	Executive Chairman	●●●●●●●●

● attended
◍ absent
○ not applicable

The Board meets approximately once every two months to discuss a whole range of significant matters including strategic decisions, major asset acquisitions and performance. A procedure to enable Directors to take independent professional advice if required has been agreed by the Board and formally confirmed by all Directors.

There is a formal schedule of matters reserved for the Board's attention including the approval of Group strategy and policies; major acquisitions and disposals, major capital projects and financing, Group budgets and material contracts other than in the normal course of business. The Board also considers matters such as cyber security, reputational risks, and other non-financial risks as part of its review of the Group's risk register.

At each Board meeting, the latest available financial information is produced which consists of detailed management accounts with the relevant comparisons to budget. A current trading appraisal is given by the Executive Board Directors.

Information and professional development

All Directors are provided with detailed financial information throughout the year. On a weekly basis they receive a detailed occupancy report showing the performance of each of the Group's open stores. Management accounts are circulated to the Executive monthly and a detailed Board pack is distributed a week prior to each Board meeting.

All Directors are kept informed of changes in relevant legislation and changing commercial risks with the assistance of the Company's legal advisers and auditor where appropriate. All Directors have access to the advice of the Company Secretary on governance matters.

The professional development requirements of Executive Board Directors are identified and progressed as part of each individual's annual appraisal. All new Directors are provided with a full induction programme on joining the Board.

Non-Executive Directors are encouraged to attend seminars and undertake external training at the Company's expense in areas they consider to be appropriate for their own professional development. Each year, the programme of senior management meetings is tailored to enable meetings to be held at the Company's stores. During the year, the Executive Board Directors made visits to all of the Group's stores.

Accountability

Risk management and internal control

The Group operates a rigorous system of risk management and internal control, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. There is a comprehensive system in place for financial reporting and the Board receives a number of reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad hoc reports. There are clearly defined authority limits throughout the Group, including those matters which are reserved specifically for the Board.

The Board has established a continuous process for identifying, evaluating, and managing the significant risks the Group faces and for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board regularly reviews the process, which has been in place from the start of the year to the date of approval of this report and which is in accordance with revised guidance on internal control published in October 2005 (the Turnbull Guidance). The Board is also responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board regularly reviews the effectiveness of the Group's risk management and internal control systems. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether significant risks are identified, evaluated, managed, and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Board has also performed a specific assessment for the purpose of this annual report. This assessment considers all significant aspects of risk management and internal control arising during the period covered by the report, including the work carried out by the Group's Store Compliance team. The Audit Committee assists the Board in discharging its review responsibilities.

Corporate Governance Report (continued)

A formal risk identification and assessment exercise has been carried out resulting in a risk framework document summarising the key risks, potential impact and the mitigating factors or controls in place. The key risks the Group faces are detailed on pages 42 to 46 in the Financial Review. The Board has a stated policy of reviewing this risk framework at least once a year or in the event of a material change. The risk identification process also considered significant non-financial risks.

During the reviews in the year, the Directors:

- challenged the framework to ensure that the list of significant risks to business objectives is still valid and complete;
- considered new and emerging risks to business objectives and included them in the framework if significant;
- ensured that any changes in the impact or likelihood of the risks are reflected in the risk framework; and
- ensured that there are appropriate action plans in place to address unacceptable risks.

The results of this exercise have been communicated to the Board and the Audit Committee. This was in the form of a summary report which included:

- a prioritised summary of the key risks and their significance;
- any changes in the list of significant risks or their impact and likelihood since the last assessment;
- new or emerging risks that may become significant to business objectives in the future;
- progress on action plans to address significant risks; and
- any actual or potential control failures or weaknesses during the period (including "near misses").

During the course of its review of the risk management and internal control systems, the Board has not identified, nor been advised of any failings or weaknesses which it has determined to be significant, consistent with the prior year. Therefore, a confirmation in respect of necessary actions has not been considered appropriate.

All management are encouraged to stay abreast of all technical and other competitive advances that could impact the business.

At 31 March 2021, the Group had two associates, Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited. Jim Gibson and John Trotman are Directors of both associates, and report back to the Big Yellow Group PLC board on the business planning, risk management and internal controls of the businesses.

Going Concern

The Group's activities, and a fair review of the business, are included in the Strategic Report on pages 18 to 50. The financial position of the Group, including its cash flow, liquidity, and committed debt facilities are discussed in the Financial Review on pages 36 to 41.

The Directors have a reasonable expectation that the Group and Company have adequate resources to continue operations for the foreseeable future. They have therefore continued to adopt the going concern basis in preparing the financial statements.

Engagement With Stakeholders

The long-term success of our business is dependent on the way we work with our various stakeholders. The table below shows our key stakeholder groups, how we engage with them, and how the results of this engagement are reported up to the Board and influence the decision making with the business. Not all the information is reported directly to the Board, however it informs business-level decisions with an overview of developments being reported on a regular basis to the Board.

The Board has identified a number of key stakeholders which it seeks to engage with on a regular basis. The key stakeholders are our employees, our shareholders, our customers, our suppliers, and our communities.

Stakeholder Group	Form of engagement	How this influenced the Board during the year
Our employees	During the year, the Executive Directors have been actively engaging with our teams on working practices and ensuring our team members and our customers are in a safe environment. The Directors have continued to visit every store this year, albeit some of the visits this year have been virtual due to lockdown restrictions. We also carried out a number of pulse surveys of our staff during the year on matters such as preferred choices of PPE, and the provision of Covid testing kits. Further detail is provided below on how Anna Keay, the designated Workforce Engagement Director has carried out her role during the year.	Store teams have been encouraged to email the Directors directly with any recommendations or observations to improve our working protocols, particularly in light of the pandemic. The Directors have responded directly to all these emails, and changes have been made to the Group's practices where applicable. The pulse surveys provide the Board with an insight into how our employees are feeling and what is important to them. There is further detail on how the Board engage with our people on page 84.

Our shareholders	The Company has an active dialogue with its shareholders through a programme of investor meetings which include formal presentation of the full and half year results. The Executive Board Directors have participated in a number of virtual investor conferences and meetings during the year. During the year ended 31 March 2021, the Chief Executive and other Executive Board Directors carried out 167 meetings with UK and overseas institutional shareholders and potential investors. These meetings comprised group and individual presentations. The Board also welcomes the interest of private investors and believes that, in addition to the Annual Report and the Company's website, the Annual General Meeting is an ideal forum at which to communicate with investors and the Board encourages their participation.	The Board receives regular feedback on investor perceptions about the Company. After each set of results, key investors are interviewed on their perceptions of the performance of the business and management. The findings are reviewed by the Board. At each Board Meeting, the Board is updated on any shareholder meetings that have taken place, and any views expressed, or issues raised by the shareholders in these meetings. The Senior Independent Non-Executive Director Richard Cotton, and the Chair of the Audit Committee Vince Niblett, engaged with a number of our investors during the year. Meetings mainly focussed on the proposed new Remuneration Policy.
Our customers	The Group sends surveys to all customers who have moved in and moved out of the business. A high response rate is received to these surveys, which show a net promoter score of 82.9.	The net promoter scores are reported to the Board at each Board meeting and any recurring themes highlighted to allow discussion around the approach to our customers. The net promoter scores achieved from our customers are used as one of the metrics in the bonus plan of the Executive Board Directors.
Our suppliers	Regular meetings are held between suppliers and their Big Yellow contact. Appropriate external tendering is carried out for any new suppliers. On anti-corruption and anti-bribery matters, we expect all our suppliers to be compliant with the Modern Slavery Act and we work closely with our suppliers to promote best practice. During the year this included engaging with suppliers we had identified as being within potentially high-risk categories and carrying out audits of their compliance with these regulations and providing support to them.	The Board annually approves the Group's Modern Slavery statement. The Group is a member of the Prompt Payment Code, supporting our smaller suppliers with on time payments.
Our communities	We demonstrate Big Yellow's culture and commitment to our communities through the work of the Big Yellow Foundation which aims to help vulnerable people lead better lives, working in partnership with several charities. Big Yellow matches any donations from our customers at move-in and move-out. We also match any funds raised by our employees and allow each member of our team one paid day per year for volunteering. We also support over 200 local charities with free or discounted space throughout our network.	The Board receives regular updates regarding the Foundation's activities. The Board endorses the culture of giving back time to support these charities and the financial commitment made by Big Yellow. Jim Gibson, CEO, is the Chair of the Trustees of the Big Yellow Foundation.
Our Environment	We engage relevant subject matter experts to assess the impact our business has in the first instance as part of the planning and construction process. Our partners perform detailed assessment on likely impacts on land, water, biodiversity, air quality and other key aspects. It is our aim to not just minimize any negative aspects, but also 'listen' carefully and enhance where possible, through the installation of green roofs or bird or bat nesting boxes for example. We extensively report on our Operational impacts, such as energy consumption, carbon emissions, waste we create and water we use as part of our Full CSR Report and have systems and processes in place to manage material aspects, such as energy.	The Board receives regular updates on our environmental performance and activities. The Board endorses the Company's commitment to investing at all stages of our stores' lifespan to ensure our impact on the Environment is minimised. It signs off on the budgets to deliver solar installations and electric vehicle charging pods for example. The Board established a formal Sustainability Committee this year chaired by Non-Executive Director Heather Savory.

Corporate Governance Report (continued)

Employee Relations and Company Culture

Our teams are a key resource of the business. From the start we have always aimed to create a culture which is accessible, apolitical, inclusive, non-hierarchical, socially responsible, and very importantly, a fun and enjoyable place to work. We believe in the employees benefiting from the success of the business. All staff are eligible for an annual bonus; a Sharesave scheme is open to all employees; and the Company's Long Term Incentive Plan is provided to a significant number of employees.

The Executive Board Directors spend a considerable amount of time meeting with the Group's employees and in normal circumstances visit every store at least once a year. This year, for the stores that they have not been able to attend in person due to lockdown restrictions, video meetings have been held with the store teams. We recognise the value of the culture of the business and these visits create an opportunity for it to be cascaded from the boardroom. The Group's Non-Executive Directors also participate in some of these visits, allowing them to develop and maintain a greater insight into the business, producing an informed and higher quality Board discussion on employee matters.

The Group carries out regular engagement surveys of its staff. These surveys tell us what our staff value about the business and the importance of continued personal development. Detailed action plans are created following these engagement surveys and a number of changes to the way we operate have been made as a result of these surveys. The level of employee engagement evidenced by these surveys remained very high.

Regular training is provided to the Group's employees, and detailed courses are provided to allow employees to further their careers and seek promotion opportunities within the business.

The Board has, in conjunction with the work of the Audit Committee, reviewed the whistleblowing policies that are in place for the Group's employees. There have been no significant issues raised under the Group's whistleblowing arrangements during the course of the financial year.

Workforce Engagement Director

The Code requires that the Board should understand the views of its key stakeholders, with a particular reference to engagement with the workforce. Specifically, it states that for engagement with the workforce, one or a combination of the following methods should be used:

- A Director to the main Board should be appointed from the workforce;
- A formal workforce advisory panel should report to the Board; and / or
- A designated Non-Executive Director should sit on the workforce advisory panel.

A designated Non-Executive Director, Anna Keay, has been chosen as the primary method of workforce engagement for Big Yellow.

She oversees and is responsible for the following:

- Involvement in the Workforce Engagement Group discussions and occasional attendance at Workforce Engagement Group Meetings;
- Involvement in key employee project groups where for example employee views are sought on the business or policy and procedural change;
- Maintaining an awareness of the suggestions made under the Company's Bright Ideas Scheme to include key trends and awards made;
- Along with all the Company's Non-Executive Directors, participation on store tours (pre-planned visits to individual stores);
- Along with all the Company's Non-Executive Directors attending the Annual Sales Conference;
- Provision of feedback to the Board on the annual employee engagement survey, with assistance from the Human Resources team and our survey partner;
- Receiving detailed feedback from the Executive Board Directors on their interaction with employees;
- Acting as an alternative contact to whom employees can report confidential matters and raise concerns under the Company's Whistleblowing Policy; and
- Reporting back to the Board and Non-Executive Directors on the above.

Report of the Nominations Committee

Committee members and attendance

Member	Number of meetings attended
Richard Cotton – Chairman and Senior Independent Director	●●●
Julia Hailes – Member	●○○
Georgina Harvey – Member	●○○
Steve Johnson – Member	●○○
Anna Keay – Member	●●●
Vince Niblett – Member	●●●
Laela Pakpour Tabrizi – Member	○●●
Heather Savory – Member	○○●

● attended
◌ absent
○ not applicable

Introduction

The Committee is responsible for reviewing the Composition of the Board. It also makes recommendations for membership of the Board and considers succession planning for Directors. The Committee is also responsible for evaluating Board and Committee performance.

The Nominations Committee is responsible for reviewing the structure, size and composition of the Board and giving consideration to succession planning for Directors and other senior Executives. Where changes are required, it is also responsible for the identification, selection and proposal to the Board for approval of persons suitable for appointment or reappointment to the Board, whether as Executive or Non-Executive Directors and to seek approval from the Remuneration Committee of the remuneration and terms and conditions of service of any proposed Executive Director appointment. The Chairman of the Committee reports to the Board as appropriate to enable the Board as a whole to agree the appointments of new Directors. The Committee meets at least once a year and otherwise as required and as determined by its members.

The terms and conditions of appointment for the Non-Executive Directors are available for inspection at the Company's Head Office during normal working hours. They are also available for inspection at the Company's AGM.

Board performance evaluation

During the prior year, the effectiveness of the Board and its Committees was evaluated by Simon Robertson Associates LLP ("SRA"). Simon Robertson Associates have no other business relationship with the Group or any of the Company's Directors. SRA met individually each Director, the Company Secretary, many of the senior management team and certain external advisers to the Company. They also attended Board and Committee meetings, with the results of the evaluation presented to the full Board.

Outcome

Overall, SRA's evaluation was complimentary of the high standards of performance and governance set by the Board. SRA commented on the culture and strategic coherence of the Board and the strong balance between process and governance on the one hand and long-term strategic planning on the other. SRA gained comfort that the Board provides an environment where robust debate is encouraged, and a good level of challenge and diversity of thought exists. The Board is appropriately structured to provide the right balance of internal scrutiny, taking account of its own particular construct.

SRA made a number of recommendations including:

- continuing to develop the Board's existing succession plans to cover the Board as a whole, executive and non-executive;
- maximising the opportunity and education around Board debate on long-term strategic and financial planning; and
- increasing the interaction of the entire Board with the wider executive team.

Report of the Nominations Committee (continued)

During the current year, the Senior Independent Director led an internal evaluation of the Board's performance. This consisted of a review with each Director of their assessment of the effectiveness of the Board and its discussions. The Senior Independent Director provided a summary of these discussions to the Board. It was considered that the Board was operating effectively, with some minor areas identified for improvement.

Director evaluation

During the current year, the Executive Chairman evaluated the performance of the other Executive Board Directors, and the performance of the Chairman was evaluated by the Senior Independent Non-Executive Director. It was considered that the individuals were operating effectively, with appropriate procedures put in place for minor areas identified for improvement.

Succession planning

It is a key responsibility of the Committee to advise the Board on succession planning. The Committee ensures that any future changes in the Board's composition are foreseen and effectively managed.

The Board comprises a team of four Executive Board Directors, two of whom were co-founders of the Company, complemented by Non-Executive Directors who have wide business experience and skills as well as a detailed understanding of the Group's philosophy and strategy. The Executive Board Directors have worked together for a significant length of time, with no change in composition since John Trotman joined in 2007. Continuity of experience and knowledge, particularly of self storage, within the executive team is important in a long-term focussed business such as Big Yellow.

The team have confirmed individually and collectively that they all remain committed to the business for the foreseeable future. Each Executive has a significant personal financial interest in the Company. The risk of unforced succession within the business is therefore low.

Given the financial interest of each member of the team in the Company, any planned change in the team in the medium-term (e.g. upon retirement) will be staggered to ensure there is not significant disruption to the overall team. This will be in a similar way to how the Company has managed the replacement of the Non-Executive Directors over recent years.

The Directors work closely together across the various departments that each manages, and so each carries knowledge of the way the whole business operates and would be able to take over the running of that department in the short-term should a vacancy arise. Equally important is the strength of the Senior Management team within the business. The majority of the department heads have worked for the business for a substantial period of time and are highly capable individuals. We have confidence that they would be able to step up if there is a gap in the Executive Director team at any point.

In the event of unforeseen changes, the Committee ensures that management and oversight of the Group's business and long-term strategy will not be affected.

The Committee also addresses the development and continuity of the Senior Management team below Board level and has considered succession planning for this team during the year.

Board and Company gender diversity

Board
Total 9

6	3	67:33
Male	Female	Male / female ratio

Key Executives
Total 8

3	5	38:62
Male	Female	Male / female ratio

Board and Key Executives
Total 17

9	8	53:47
Male	Female	Male / female ratio

All employees
Total 412

227	185	55:45
Male	Female	Male / female ratio

Big Yellow Executive team

Big Yellow operates with a leadership team of twelve, comprising of four Executive Board Directors, supported by eight key executives within the business. The Group does not have a formal Executive Committee or formal Operating Board, as we use a more flexible approach to the day-to-day management of the business within a relatively flat management structure.

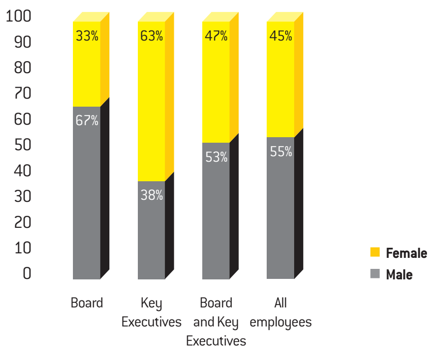
In addition to the four Executive Board Directors, the other members of the Executive team cover finance, sales and marketing, operations, construction, human resources, information technology and digital security, and CSR.

We run the business through small sub-groups of decision-making committees, which meet regularly throughout the year around particular key delivery areas which contribute to our growth and success. These committees are attended by members across the leadership team and other employees as required. All of these meetings are also attended by at least one of the Executive Board Directors, and in many cases more than one Executive Director. All strategic and acquisition decisions are made at the PLC Board level and then the Committees implement and take the detailed decisions to drive operational performance and deliver growth. There are also specific thematic executive committees, such as an Environmental Committee and a Health and Safety Committee.

Policy on diversity

All aspects of diversity, including gender are considered at every level of recruitment. All appointments to the Board are made on merit. The Board's policy states that the Board seeks a composition with the right balance of skills and diversity to meet the demands of the business. The Company meets the 30% recommended minimum proportion of women on the Board.

Gender diversity of the Board, Key Executives and Company is set out below:



External appointments

On making new appointments, the Board takes into account the other demands on a Director's time. Prior to any appointment, significant commitments are disclosed with an indication of the time involved. Any additional external appointments are only undertaken with prior approval of the Board. The Group's Executive Board Directors may not take on more than one non-executive Directorship within a FTSE 350 company or other significant and time-consuming appointment.

Directors standing for re-election

All of the Directors will retire in accordance with the UK Corporate Governance Code and will offer themselves for re-election at the Annual General Meeting.

Following a performance appraisal process, the Board has concluded that the Directors retiring are effective, committed to their roles and operate as effective members of the Board.

The Board, on the advice of the Committee, therefore recommends the re-election of each Director standing for re-election. Full biographical details of each Director are available on pages 76 to 78.

Richard Cotton
Nominations Committee Chairman

24 May 2021

Governance
Sustainability Committee Report

Committee members and attendance

Member	Number of meetings attended	
Heather Savory – Chair	not applicable	attended
Richard Cotton – Member	attended	attended
Anna Keay – Member	attended	attended
Vince Niblett – Member	attended	attended
Laela Pakpour Tabrizi – Member	attended	attended
Julia Hailes – Former Chair	attended	not applicable

attended
absent
not applicable

Introduction

The Sustainability Committee was established during 2020 with the purpose of:

- overseeing the Group's sustainability framework and strategy;
- monitoring sustainability performance;
- providing guidance on emerging environmental issues, including environmental risks, and their impact on the Group's business; and
- overseeing the Group's CSR reporting, including external audit/ assurance mechanisms.

Introducing our Chair

The Chair of the Sustainability Committee, Heather Savory, who took on the role in March 2021, has a background in Science, Engineering, and Public Policy with a strong personal interest in the better use of data for Public Good. Her previous role as Director General at the UK Office for National Statistics included Chairing the United Nations Global Working Group on Big Data, looking at how Big Data can contribute to international reporting against the 17 Sustainable Development Goals (SDGs) defined to drive the UN's 2030 Agenda for Sustainable Development.

Heather is keen that Big Yellow should continue to develop and mature its approach to and delivery of sustainability, building on the firm foundations which have been established over previous years. Big Yellow plans to do this through a sustainability strategy which is ambitious and will deliver value to the environment and for all Big Yellow's stakeholders: investors, customers, suppliers, employees, and the community.

Introducing the scope of the Sustainability Committee

The Sustainability Committee has determined its scope as:

- *material*, covering all environmental aspects of Big Yellow's business, i.e. the 'E' in ESG; and
- *comprehensive*, from energy to waste, considered in order of their impact on the business.

The scope of the Sustainability Committee excludes:

- social and personnel aspects of ESG, which the Big Yellow Board considers elsewhere, under the guidance of Non-Executive Director Anna Keay; and
- governance aspects of ESG which are considered directly by the Big Yellow Board.

Overview

The Sustainability Committee meets twice a year: in September and in March, attended by all Big Yellow Board Members and the Head of CSR.

The Head of CSR and Big Yellow's sustainability strategy are supported and delivered within the business through an executive level, cross-disciplinary Environmental Committee. Big Yellow staff form this committee and external experts may be called to the Sustainability Committee on an ad hoc basis, as determined by the meeting agenda.

At the first meeting of the Sustainability Committee in September 2020, the Head of CSR and the Environmental Committee proposed a new energy and emissions strategy. This was broadly accepted by the Board, and more work has been progressed since September to assess the options set out, their delivery potential and the financial impact. This has led to the development of Big Yellow's published Sustainability Strategy which was approved at the second Sustainability Committee meeting in March 2021.

The Sustainability Strategy has been now published as a stand-alone document which comprises two strands:

1. Net Renewable Energy Positive Strategy

Delivery of this strand will commence in 2021/22 and is expected to be completed in 2025.

2. Net Zero Scope 1 and 2 Emissions target

Work is underway to deliver a Net Zero Emissions strategy in parallel to the energy strategy. Big Yellow's path to Net Zero will be baselined through the creation of a science-based target.

In addition, at the March Sustainability Committee, the Board undertook a review of CSR benchmarks, campaigns, and frameworks to determine which benchmarks and frameworks are applicable for Big Yellow's operations and which campaigns Big Yellow might support. Big Yellow will continue to report against CDP, GRESB and FTSE4Good and will use the EPRA sustainability best practice reporting framework to present its yearly data. The committee will keep a watching brief over local and national developments in the relatively new area of emissions benchmarking, also the legislative landscape, to ensure that Big Yellow keeps apace with developments as they occur.

The Sustainability Committee agreed that Big Yellow is currently well placed, through previous and planned work to meet an overall target of becoming Net Zero for all carbon emissions, by 2040. Big Yellow's Board is strongly committed to achieving this goal.

Accessing the Sustainability strategy: The detail of the Net Renewable Energy Positive Strategy and the plans for the Net Zero Scope 1 and 2 Emissions targets can be accessed at corporate.bigyellow.co.uk/sustainability.

Heather Savory
Sustainability Committee Chair

24 May 2021

Remuneration Report

Committee members and attendance

Member	Number of meetings attended
Richard Cotton – Chair	●●●●
Julia Hailes – Member	●●●○
Georgina Harvey – Former Chair	●○○○
Steve Johnson – Member	●○○○
Anna Keay – Member	●●●●
Vince Niblett – Member	●●●●
Laela Pakpour Tabrizi – Member	○●●●
Heather Savory – Member	○○○●

● attended
◍ absent
○ not applicable

Introduction

This report details the activities of the Remuneration Committee for the period from 1 April 2020 to 31 March 2021. The report has been prepared by the Remuneration Committee and approved by the Board. It sets out the proposed Remuneration Policy which will be put to shareholder vote at the forthcoming 2021 AGM and remuneration details for the Executive and Non-Executive Directors of the Company. It has been prepared in accordance with Schedule 8 of the Large and Medium-size Companies and Groups (Accounts and Report) (Amendment) Regulations 2013 (the "Regulations"). The report is divided into three main sections:

- The **Annual Statement** – which summarises the remuneration outcomes in the year ended 31 March 2021 and how the new Remuneration Policy will be operated in the year ending 31 March 2022;
- The **Remuneration Policy Report** – which sets out the proposed Remuneration Policy to be approved by shareholders at the 2021 AGM; and
- The **Annual Report on Remuneration** – which sets out how the Committee intends to operate the Remuneration Policy for the year ending 31 March 2022, the link between Company performance and remuneration for the year ended 31 March 2021 and payments and awards made to the Directors in respect of the year just ended.

The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the Annual Report on Remuneration that are subject to audit are indicated in the report.

Annual Statement

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2021 which has been operated under our existing Directors' Remuneration Policy, for which shareholder approval was obtained in 2018.

Performance, Decisions and Reward Outcomes for the year ended 31 March 2021

The business conditions and performance of the Group in the year ended 31 March 2021 are described more fully in the Chairman's Statement and the Operating and Financial Review of this Annual Report. In summary:

- The business of the Group performed strongly despite the impact of Covid-19 throughout the financial year;
- Big Yellow remains the clear UK brand leader in self storage and delivered growth in revenue, cash flow and earnings for the twelfth year in a row;
- Revenue, operating cash flow and adjusted profit before tax increased 4.6%, 4.2% and 5.1% respectively; and
- Dividends are being increased by 0.6%.

Payments made to the Executive Board Directors under the cash annual bonus plan for the year ended 31 March 2021 amounted to 15.7% of salary (out of a maximum of 25% of salary), based on performance against pre-set targets for occupancy, store profitability, store audits and customer satisfaction. The targets set, and the out-turn, were identical to the average bonus awarded across the stores and head office.

Awards made to the Executive Board Directors under the deferred annual bonus plan for the year ended 31 March 2021 amounted to 118.75% of salary (out of a maximum of 125% of salary), based on performance against financial and non-financial performance targets linked to the business plan.

In respect of the Long Term Incentive Plan ("LTIP") awards granted in 2017, which vested in July 2020, three-year EPS and TSR performance resulted in 84% of awards vesting.

Further details of the targets, and performance against the targets, for cash and deferred annual bonus plans and share award vesting levels are set out in the Annual Report on Remuneration.

The Committee and its Work During the Year

Committee Chair: Richard Cotton

Current Committee members: Richard Cotton, Vince Niblett, Anna Keay, Laela Pakpour Tabrizi and Heather Savory

Terms of Reference: https://corporate.bigyellow.co.uk/investors/corporate-governance

The Committee met four times during the year under review. The Committee's main activities during the year ended 31 March 2021 (full details are set out in the relevant sections of this report) included:

- Agreeing Executive Director base salary increases from 1 April 2021;
- Agreeing the cash annual bonus awards for the year ended 31 March 2020 and setting the targets for the year ended 31 March 2021;
- Agreeing the deferred annual bonus plan awards for the year ended 31 March 2020 and setting the targets for the year ended 31 March 2021;
- Reviewing the EPS and Total Shareholder Return ("TSR") performance targets and determining the percentage vesting for the 2017 LTIP awards which vested in 2020;
- Reviewing the CEO Pay Ratio calculations and disclosures;
- Reviewing the Company's Gender Pay calculations and disclosures; and
- Reviewing the Company's Ethnicity Pay calculations and disclosures.

In addition, the Committee has considered how the Policy and practices are consistent with the six factors set out in Provision 40 of the UK Corporate Governance Code:

Clarity – Our Policy is understood by our senior executive team and has been clearly articulated to our shareholders and representative bodies (both on an ongoing basis and when changes are proposed).

Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices continue to be straightforward to communicate and operate.

Risk – Our Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via: (i) the balanced use of annual and long-term pay which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in our incentive plans; and (iii) malus/clawback provisions.

Predictability – Our incentive plans are subject to individual caps, our share plans are also subject to market standard dilution limits.

Proportionality – There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Board Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture – Our executive pay policies are fully aligned to Big Yellow's culture through the use of metrics in both the annual bonus, deferred bonus and LTIP that measure how we perform against our KPIs.

Operation of the Policy and use of discretion

The Remuneration Policy operated as intended for the year ended 31 March 2021 with one exception. At the outset of the Covid-19 pandemic, the Board agreed to support our customers by deferring the normal rent increases for the first four months of the financial year. Additionally, the Group provided assistance discounts to many of our customers, in particular small businesses, who were struggling for cash flow during the initial lockdown. Given the impact of these decisions in reducing the average net rent per sq ft achieved over the year, the Committee agreed to increase the weighting on the like-for-like occupancy growth (from 25% to 35% of potential) and reduce the weighting on the net rent metric (from 15% to 5%) so as not to penalise management for acting in the interests of our customers. Given the relationship of these two metrics to revenue (which combined for the year ended 31 March 2021 to produce like-for like store revenue growth of 4.9% over the year, which was well ahead of budget), the Committee has decided to simplify the approach in respect of the year ending 31 March 2022 by just focussing on revenue rather than measuring its principal constituent drivers of occupancy and net rent.

Policy review

As the current remuneration policy approved by shareholders in 2018 is reaching the end of its three-year life, the Committee carried out a detailed review of the policy and consulted with Big Yellow Group's major shareholders and the main representative bodies on a number of potential changes. After considering all of the feedback received, the Committee decided to roll-forward the existing Remuneration Policy at the 2021 AGM, albeit updated for the 2018 UK Corporate Governance Code provisions around pension and post-cessation. As such, incumbent Executive Director pension provision was reduced to workforce levels from 1 April 2021 and post-cessation shareholding guidelines will, subject to shareholder approval, be introduced from the 2021 AGM.

Implementing the Policy for the Year Ending 31 March 2022

Base salary

The Committee has operated a policy of targeting base salaries "close to (but generally just below) median" for some time. However, notwithstanding that Executive Director base salary levels are currently well below the market level for a FTSE 250 company of Big Yellow's size and complexity, salary levels were increased by 2% in line with the general workforce increase:

	Chief Executive (Jim Gibson)	Executive Chairman (Nicholas Vetch)	Chief Financial Officer (John Trotman)	Operations Director (Adrian Lee)
From 1 July 2020*	£440,000	£375,000	£325,000	£285,000
From 1 April 2021	**£448,800**	**£382,500**	**£331,500**	**£290,700**
% increase	2%	2%	2%	2%

* Increases were originally intended for 1 April 2020 but were postponed until 1 July 2020 due to the Covid-19 pandemic.

Pension and benefits

As part of the Remuneration Policy review, the Committee determined that Executive Director pension provision should be aligned, in percentage of salary terms, to the general workforce contribution rate. As such, pension provision was reduced from 10% to 6% of salary from 1 April 2021 for incumbent Executive Directors and any new Executive Directors would receive a pension at this level.

Benefit provision will remain unchanged (private fuel, private medical insurance, permanent health insurance, life assurance and relocation allowances, where relevant).

Annual bonus

Annual bonus potential will continue to be capped at 150% of salary for the year ending 31 March 2022.

Up to 25% of salary will continue to be aligned to the workforce annual bonus (measured against store performance, through occupancy growth, store profitability, store audits and customer satisfaction scores). Any bonus earned under this part will be payable in cash, following the year ending 31 March 2022.

The remaining 125% of salary will continue to be measured against financial, operational, real estate and strategic targets measured over the financial year ending 31 March 2022. Any award under this part will be deferred into Big Yellow shares for three years (with vesting subject to continued employment).

LTIP

LTIP awards will continue to be granted to Executive Board Directors annually, over shares equal to 100% of salary. Following a review of the LTIP in light of Big Yellow's strategic initiatives, the performance metrics and conditions for awards intended to be granted to Executive Board Directors in 2021 will be based on performance against three key metrics: Adjusted EPS, Relative TSR, and ESG targets. As the performance targets have yet to be agreed by the Committee, the targets and weighting of each metric will be set out in the RNS issued immediately following the grant. A two-year post-vesting holding period will continue to apply.

Shareholding guidelines – in employment

The requirement to build and maintain a holding of at least 200% of salary in shares of the Company will continue to apply and has been met by all of the Executive Board Directors. Where this guideline has not been met, there is a requirement to retain at least 50% of shares vesting (net of taxes) from discretionary share-based incentive plans.

Shareholding guidelines – post employment

Subject to shareholders approving the new Policy at the 2021 AGM, a post-cessation shareholding guideline will be introduced. Going forward, Executive Directors will need to retain shares equal to 100% of the shareholding guideline (or the actual number of shares held against the guideline if the guideline is not met at cessation) up until the second anniversary of cessation.

Charitable donations

Following a shortfall in donations to the Big Yellow Foundation ("the Foundation") during the initial Covid-19 lockdown, the Executive Directors donated a total of £50,000 to the Foundation during the year. The Company's Non-Executive Directors also donated £11,000 to the Foundation during the year.

Conclusion

I hope that, at the AGM on 22 July 2021, you will support the resolutions on: (i) the remuneration paid to the Directors in the last financial year, and the implementation of the new Remuneration Policy for the forthcoming year; and (ii) the new Directors' Remuneration Policy.

Finally, I would like to extend my thanks to my fellow colleagues on the Committee for their support and work in 2020/21.

Richard Cotton
Chair of the Remuneration Committee

24 May 2021

Directors' Remuneration Policy

This section of the Remuneration Report contains details of the Company's Directors' Remuneration Policy (the "Policy") which governs the Company's approach to remuneration.

It is the policy of the Company to ensure that the executive remuneration packages are designed to attract, motivate, and retain Directors of a high calibre and reward the executives for enhancing value to shareholders.

As a result, a substantial element of the remuneration of the Executive Board Directors is structured to be dependent on the performance of the Company. The policy aims to support a performance culture where there is appropriate reward for the achievement of strong Company performance without creating incentives which will encourage excessive risk-taking or unsustainable Company performance.

Policy Scope

The Policy applies to the Executive Board Directors and Non-Executive Directors.

Policy Duration

The current Directors' Remuneration Policy Report was approved by a binding shareholder vote at the AGM on 19 July 2018. A new policy is being put to shareholders for approval at the forthcoming AGM.

Policy Changes

Following a consultation exercise with Big Yellow's major shareholders and the main shareholder representatives, the Committee concluded that the existing Remuneration Policy should be rolled forward, albeit updated for the main developments in corporate governance since the last Policy was approved. As such, the following changes are being proposed:

- The maximum pension contribution rate of 10% of salary will be removed. Going forwards, pension provision for new Executive Directors and incumbent provision from 1 April 2021 will be aligned, in percentage of salary terms, to the general workforce contribution rate (currently 6% of salary); and
- A post-cessation shareholding guideline will be introduced. Going forward, Executive Directors will need to retain shares equal to 100% of the shareholding guideline (or the actual number of shares held against the guideline if the guideline is not met at cessation) up until the second anniversary of cessation.

Summary Policy table (Executive Board Directors)

The main components of the Directors' Remuneration Policy, and how they are linked to and support the Company's business strategy, which will be presented to shareholders for approval at the 2021 AGM, are summarised below:

Executive Board Directors

	Purpose and link to strategy	Operation	Maximum potential value	Performance conditions and assessment
Base salary	To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Company.	Base salary is normally set annually on 1 April. When considering any increases to base salaries in the normal course (as opposed to a change in role or responsibility), the Committee will take into consideration: ▪ level of skill, experience, scope of responsibilities and performance; ▪ business performance, economic climate, and market conditions; ▪ pay and employment conditions of employees throughout the Group, including increases provided to staff; ▪ inflation; and ▪ increases provided to Executive Board Directors in comparable companies (although such data would be used with caution).	Salaries are typically set after considering the salary levels in companies of a similar size and complexity in the FTSE 250. Our overall policy is normally to target salaries at close to median levels. Base salaries are intended to increase in line with inflation and general employee increases in salary. Higher increases may apply if there is a change in role, level of responsibility or experience or if the individual is new to the role. There is no maximum salary cap in place.	None
Annual bonus	The annual bonus aligns reward to key Group strategic objectives and drives short-term performance.	Executive Board Directors participate in an annual performance-related bonus scheme. Up to 25% of salary will be paid in cash. Up to 125% of salary will be deferred into shares for three years. Dividend equivalents may be payable on deferred share awards. The annual bonus plan rules contain clawback and malus provisions.	150% of salary.	Assessed annually and determined by the Committee based on financial, strategic and/or personal performance against the Group's business plan for each financial year.
Long Term Incentive Plan	The Long Term Incentive Plan aligns Executive Director interests with those of shareholders and rewards value creation.	Awards are made annually to the Executive Board Directors (and certain senior managers who are in a position to significantly influence the performance of the Group) in the form of nil-paid options. The awards granted under the Long Term Incentive Plan are subject to performance conditions to be met over a performance period of three years. Dividend equivalents may be payable on LTIP awards during the vesting period, to the extent awards vest. The LTIP contains clawback and malus provisions. A two year post vesting holding period is applied to LTIP awards granted to Executive Directors following the 2018 AGM.	100% of salary.	Vesting under the LTIP will be based on financial, share-price, strategic and/or ESG related performance measures.

	Purpose and link to strategy	Operation	Maximum potential value	Performance conditions and assessment
Pension	To provide competitive levels of retirement benefit.	Contribution made into Executive Director's personal pension plan, or a cash supplement of equivalent value paid in lieu of pension contribution.	Workforce aligned (currently 6% of salary)	None
Other benefits	To provide competitive levels of employment benefits.	Benefits include: ▪ Private fuel; ▪ Private medical insurance; ▪ Permanent health insurance; ▪ Life assurance of four times base salary; and ▪ Relocation allowances (where relevant). Other benefits may be provided where appropriate. The type and level of benefits provided is reviewed annually to ensure they remain market competitive.	Maximum opportunity is the total cost of providing the benefits. There is no monetary cap on benefits.	None
Shareholding policy – in employment	To ensure that Executive Board Directors' interests are aligned with those of shareholders over a longer time horizon.	Requirement to build and maintain a holding of shares in the Company, through retaining at least 50% of shares vesting in discretionary share-based incentive plans if this guideline has not been met.	200% of salary.	N/A
Shareholding policy – post employment		Requirement to retain shares equal to 100% of the shareholding guideline (or the actual number of shares held against the guideline if the guideline is not met at cessation) up until the second anniversary of cessation. Own shares purchased and share awards granted prior to the 2021 AGM will be excluded from the post-cessation guideline.		
All Employee Scheme	To encourage share ownership by all employees. This allows them to align their interests with those of investors and to share in the long-term success of the Company.	Executive Board Directors may participate in any HMRC tax favoured all employee arrangements.	In line with the prevailing HMRC limits.	None

Remuneration Report (continued)

Notes to the policy table

The key principle for the short and long-term incentives is to provide a strong link between reward and individual and Group performance to align the interests of Executive Board Directors with those of shareholders.

1. Annual bonus performance measures and targets

Annual bonuses for the Executive Board Directors are based on:

- 25% of salary cash bonus: the average of the stores' performance against their quarterly targets providing direct alignment of the Directors' bonuses to performance (and the bonus levels) of the staff. The four Key Performance Indicators used to assess store performance are occupancy growth, store profitability, store audits and customer satisfaction. Store targets are set every quarter and an average of the four quarters is taken.
- 125% of salary deferred share bonus: measured against pre-set financial, operational, real estate and strategic targets.

2. Long Term Incentive Plan performance measures and targets

Performance metrics and targets for LTIP awards will provide a direct link between the incentive for the Executive Board Directors and the long-term value created for shareholders. The main two performance metrics, which may be supplemented by strategic and/or ESG-related metrics are:

- Relative TSR against the constituents of the FTSE Real Estate Index, given that Big Yellow's historic performance has been closely aligned to the performance of this Index.
- Adjusted EPS figure as reported in the audited results of the Group for the last complete financial year ending before the start of the performance period and the last complete financial year ending before the end of the performance period.

3. Malus and clawback

The cash annual bonus, deferred annual bonus plan and LTIP include malus and clawback provisions.

Malus is the adjustment of outstanding deferred bonus and LTIP awards as a result of the occurrence of one or more of the circumstances listed below. The adjustment may result in the value being reduced to zero. Malus will apply for the three year period from grant to vesting for the deferred bonus and LTIP awards.

Clawback is the recovery of payments/vestings under the cash bonus and LTIP as a result of the occurrence of one or more circumstances listed below. Clawback will apply for three years post payment of a cash bonus/grant of deferred share awards and three years post vesting for LTIP awards.

The circumstances in which malus and clawback could apply are as follows:

- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company;
- the assessment of any performance target or condition in respect of an award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the amount of an award was based on error, or inaccurate or misleading information;
- corporate failure or the occurrence of an insolvency event;
- action or conduct of an award holder which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and
- events or behaviour which have led to the censure of the Company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Company.

4. Discretion

The Committee has discretion in several areas of policy as set out in this report. The Committee may also exercise operational and administrative discretion under relevant plan rules approved by shareholders as set out in those rules. In addition, the Committee has the discretion to amend policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

In certain circumstances, the Committee will be required to exercise its discretion, taking into consideration the particular circumstances of an Executive Director's departure and/or the recent performance of the Company in determining the specific level of payments to be made.

In addition to the discretion under the terms of the annual bonus plan (both cash and deferred shares) and LTIP, the Committee has discretion to determine whether an individual is classified as a "good leaver".

It should be noted that it is the Committee's policy to only apply its discretion if the circumstances at the time are, in its opinion, sufficiently exceptional, and to provide a full explanation to shareholders where discretion is exercised. The Committee does not currently intend to amend or waive any performance conditions.

5. Differences in remuneration policy for all employees

All employees are currently entitled to base salary, benefits, pensions, and the Sharesave Scheme. Additionally, all employees are eligible for annual bonuses with the maximum opportunity available based on the seniority and responsibility of the role held.

The Company's LTIPs are granted to a number of senior managers within Head Office, the area manager team and also to store managers.

Illustrations of application of Remuneration Policy

The graphs below seek to demonstrate how pay varies with performance for the Executive Board Directors based on the current Remuneration Policy.

The assumptions used in determining the level of pay out under given scenarios are as follows:

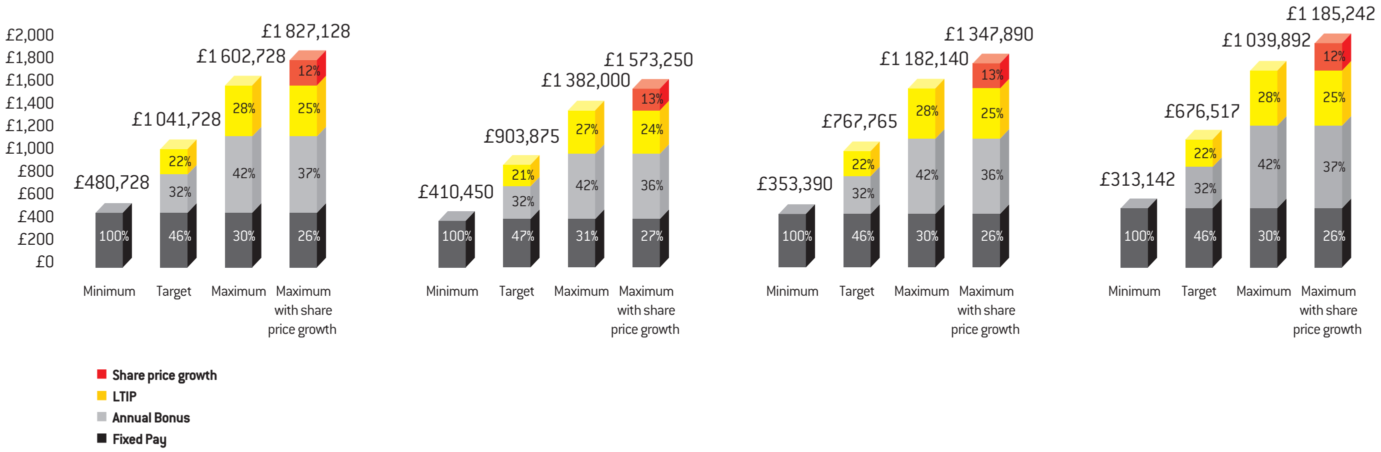
Scenario	Description				
Fixed Pay		**Chief Executive**	**Executive Chairman**	**Chief Financial Officer**	**Operations Director**
	Base salary (from 1 April 2021)	£448,800	£382,500	£331,500	£290,700
	Estimated Benefits	£5,000	£5,000	£2,000	£5,000
	Pension (% of salary)	6%	6%	6%	6%
On-target	50% of annual bonus award being paid and 50% vesting of the LTIP.				
Maximum	100% of annual bonus award being paid (i.e. 150% of salary) and 100% vesting of the LTIP.				
Maximum Plus 50% share price growth	As per the Maximum scenario but assuming 50% share price growth on LTIP awards.				

Chief Executive Officer

Executive Chairman

Chief Financial Officer

Operations Director



Remuneration Report (continued)

Summary Policy table (Non-Executive Directors)

	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Fees	To attract Non-Executive Directors with the requisite skills and experience.	Fee levels are normally reviewed annually in March. The Non-Executive Director fee structure is a matter for the full Board. Non-Executive Directors may be entitled to benefits relating to travel and office support and such other benefits as may be considered appropriate. The fees may be paid in the form of shares.	Fee levels are normally set at broadly median levels for comparable roles at companies of a similar size and complexity within the FTSE 250. Fees are normally intended to increase in line with inflation.	N/A

Non-Executive Directors' fees comprise of a base fee, with an additional fee for Committee Chairs, the Senior Independent Non-Executive Director and the Employee Representative Director.

Approach to recruitment remuneration

The table below summarises our key policies with respect to recruitment remuneration:

Salary and benefits	▪ Set by reference to market and taking account of individual experience and expertise in the context of the role. ▪ Salary would also be set with reference to the salary of any departing Executive Director and the remaining Executive Board Directors. ▪ The Executive Director would be eligible to receive benefits in line with Big Yellow Group's benefits policy as set out in the remuneration policy table – this includes either a contribution to a personal pension scheme or cash allowance in lieu of pension benefits in line with the policies set out in the policy table.
Maximum variable incentive	▪ Annual bonus of up to 150% of base salary. ▪ Long term incentive plan award of equivalent to 100% of base salary.
Sign-on payments	▪ The Company does not provide sign-on payments to Executive Board Directors.
Share buy-outs	▪ Any previous outstanding share awards which the Executive Director holds which would be forfeited on cessation of his or her previous employment may be compensated. ▪ Where this is the case, the general principle is that the outstanding award will be valued based on the consideration of the following factors: – The proportion of the performance period completed on the date of the Director's cessation of employment; – The performance conditions attached to the vesting of the incentives and the likelihood of them being satisfied; and – Any other terms and conditions having a material impact on their value. ▪ The valuation will be conducted using a recognised valuation methodology by an independent party and the equivalent 'fair value' may be awarded as a one-off LTIP on date of joining under the Company's existing long-term incentive plan. To the extent that this is not possible, a bespoke arrangement will be used. ▪ To ensure effective retention of the Executive Director upon recruitment, any new award will be granted subject to performance conditions and vesting may be over the same period as those forfeited from the previous employer or a new three year period. ▪ The exact terms will be determined by the Remuneration Committee on a case-by-case basis taking into account all relevant factors.
Relocation policies	▪ In instances where the new Executive Director is relocating from one work location to another, the Company may provide, as a one-off or otherwise, a relocation allowance as part of the Director's relocation benefits. ▪ The level of the relocation package will be assessed on a case-by-case basis but will take into consideration any cost of living differences, housing allowance and schooling.

Service contracts

The Company's policy on Directors' service contracts is that they should be on a rolling basis without a specific end-date providing for one year's notice. All Executive Board Directors have contracts which reflect this policy.

The Non-Executive Directors do not have service contracts with the Company. Their appointments are governed by letters of appointment which are available for inspection on request at the Company's registered office and which will be available for inspection at the Company's AGM. Each appointment is for a period of up to three years, although the continued appointment of all Directors is put to shareholders at the AGM on an annual basis. In addition, the appointment is terminable by either party giving notice of three months.

Payments for loss of office

Element	Approach
Salary and benefits	Salary and benefits may be paid in lieu of notice. In cases where a contract is terminated other than on the terms of the service contract, the Company will seek to mitigate any damages payable. There will be no compensation for normal resignation or in the event of termination by the Company due to misconduct.
Annual bonus	If the individual is a good leaver, any bonus will be paid on a pro-rata basis in respect of the period from the start of the financial year. Any pro-rated bonus would normally be payable in cash (i.e. no award of deferred shares would be made). Deferred share awards would normally vest at the normal vesting date (although may vest at the date of cessation). A good leaver is defined as an individual ceasing employment due to ill-health, disability, redundancy, or retirement or in any other circumstances which the Committee permits. A bad leaver is an Executive Director who does not fall within the category of "good leaver" and bad leavers will forfeit any entitlement to a bonus payment in respect of the current financial year or any completed financial year in respect of which the bonus has not been paid at the cessation date.
Long term incentives (LTIP)	A proportion of the LTIP awards held by good leavers will vest at the Committee's discretion determined by taking into account whether, and to what extent, any performance conditions have been satisfied and the length of time the LTIP award has been held at the date of cessation of employment. The LTIP awards will not normally vest until the end of the performance period with performance tested at that time, although exceptionally such awards may, at the discretion of the Committee, vest at cessation of employment. A good leaver is defined as an individual ceasing employment as a result of ill-health, injury, disability, redundancy, retirement, or the sale out of the Group of his employing business or any other reason which the Committee in its absolute discretion permits. A bad leaver is an Executive Director who does not fall within the category of good leaver, and bad leavers will forfeit any unvested awards.
Other	The Group may meet relocation and other incidental expenses on termination of employment, the fees of legal or other professional advisers, outplacement, compensation in respect of statutory rights under relevant employment protection legislation and accrued but untaken holiday. It may also elect to continue to provide certain benefits rather than making payment in lieu of the benefit in question.

Statement of consideration of shareholders' views

The views of our shareholders are very important to the Committee and we actively consulted with our major shareholders and the main representative bodies to help formulate the proposed new Remuneration Policy.

Any consultations on remuneration with shareholders and representative bodies will usually be led by the Chair of the Remuneration Committee.

The Remuneration Committee also considers shareholder feedback received in relation to the AGM each year at its first meeting following the relevant AGM. This feedback, as well as any additional feedback received during any other meetings with shareholders throughout the year, is then considered as part of the Company's annual review of remuneration policy.

The Remuneration Committee notes that shareholders do not speak with a single voice, but we engage with our largest shareholders to ensure we understand the range of views which exist on remuneration issues. When any material changes are proposed to the Remuneration Policy, the Remuneration Committee Chair will consult major shareholders in advance and will offer a meeting to discuss these.

Remuneration Report (continued)

Shareholder voting

The Group is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the reasons for that voting will be sought and any actions in response will be detailed here. There have been no significant issues raised by shareholders in respect of remuneration in the year.

The table below shows the advisory vote on the 2020 Remuneration Report and the binding vote on the Remuneration Policy at the AGM held on 19 July 2018.

	Votes for	%	Votes Against	%	Votes withheld
2020 Remuneration Report	139,729,155	97.8%	3,155,806	2.2%	7,204
2018 Remuneration Policy	123,499,408	96.4%	4,603,796	3.6%	260,131

Annual Report on Remuneration

This section of the Remuneration Report contains details of how the Directors' Remuneration Policy will be implemented for the year ending 31 March 2022 and how it was implemented during the year ended 31 March 2021.

Implementing the Policy for the Year Ending 31 March 2022

Base salary

While the Committee has operated a policy of targeting base salaries "close to (but generally just below) median" for some time, actual salaries have been set significantly below median levels.

Notwithstanding that Executive Director base salary levels are well below the market level for a FTSE 250 company of Big Yellow's size and complexity, salary levels were increased by 2% in line with the general workforce increase:

	Chief Executive (Jim Gibson)	Executive Chairman (Nicholas Vetch)	Chief Financial Officer (John Trotman)	Operations Director (Adrian Lee)
From 1 July 2020*	£440,000	£375,000	£325,000	£285,000
From 1 April 2021	**£448,800**	**£382,500**	**£331,500**	**£290,700**
% increase	2%	2%	2%	2%

* Increases were originally intended for 1 April 2020 but were postponed until 1 July 2020 in light of the Covid-19 pandemic.

Pension & benefits

As part of the Remuneration Policy review, the Committee pension provision for new Executive Directors and incumbent provision should be aligned, in percentage of salary terms, to the general workforce contribution rate from 1 April 2021. As such, pension provision was reduced from 10% to 6% of salary from 1 April 2021.

Benefit provision will remain unchanged (private fuel, private medical insurance, permanent health insurance, life assurance and relocation allowances, where relevant).

Annual bonus

Annual bonus potential will continue to be capped at 150% of salary for the year ending 31 March 2022.

Up to 25% of salary will continue to be aligned to the workforce annual bonus (measured against store performance, through occupancy growth, store profitability, store audits and customer satisfaction scores). Any bonus earned under this part will be payable in cash, following the year ending 31 March 2022.

The remaining 125% of salary will be measured against financial, operational, real estate and strategic targets measured over the financial year ending 31 March 2022. Any award under this part will be deferred into Big Yellow shares for three years (with vesting subject to continued employment).

LTIP

LTIP awards will continue to be granted to Executive Board Directors annually, over shares equal to 100% of salary. Following a review of the LTIP in light of Big Yellow's strategic initiatives and longer-term objectives, the performance metrics and conditions for awards intended to be granted to Executive Board Directors in 2021 will be based on performance against three key metrics : Adjusted EPS, Relative TSR, and ESG targets.
As the performance targets have yet to be agreed by the Committee, the targets and weighting of each metric will be set out in the RNS issued immediately following the grant. A two year post-vesting holding period will continue to apply.

Shareholding guidelines – in employment

The requirement to build and maintain a holding of at least 200% of salary in shares of the Company will continue to apply and has been met by all of the Executive Board Directors. If this guideline has not been met, then there is a requirement to retain at least 50% of shares vesting (net of taxes) in discretionary share-based incentive plans.

Shareholding guidelines – post employment

Subject to shareholders approving the new Policy at the 2021 AGM, a post-cessation shareholding guideline will be introduced. Going forward, Executive Directors will need to retain shares equal to 100% of the shareholding guideline (or the actual number of shares held against the guideline if the guideline is not met at cessation) up until the second anniversary of cessation.

Non-Executive Directors

Non-Executive Director base fees for the year ending 31 March 2022 have been increased by 2% (in line with the general workforce increase) to £43,200. The increment for Committee Chairs and additional responsibilities has also been increased by 2% to £10,505 for the year ending 31 March 2022. These increases took effect from 1 April 2021.

Single total figure of remuneration (Audited)

The table below sets out the single total figure of remuneration and breakdown for each Executive Director paid in the year ended 31 March 2021.

Year ended 31 March 2021

	Fixed pay							
	Salary		Taxable benefits[1]		Pensions[2]		Total fixed pay	
	2021 £	2020 £	**2021 £**	2020 £	**2021 £**	2020 £	**2021 £**	2020 £
Nicholas Vetch	**368,750**	350,000	**4,930**	5,645	**36,875**	35,000	**410,555**	390,645
Jim Gibson	**430,000**	400,000	**6,130**	5,645	**43,000**	40,000	**479,130**	445,645
Adrian Lee	**281,250**	270,000	**5,167**	4,737	**28,125**	27,000	**314,542**	301,737
John Trotman	**318,750**	300,000	**1,620**	2,199	**31,875**	30,000	**352,245**	332,199
Total	**1,398,750**	1,320,000	**17,847**	18,226	**139,875**	132,000	**1,556,472**	1,470,226

	Variable pay								Total pay	
	Annual bonus – cash		Annual bonus – deferred		Long term incentives[3]		Total variable pay			
	2021 £	2020 £	**2021 £**	2020 £	**2021 £**	2020 £	**2021 £**	2020 £	**2021 £**	2020 £
Nicholas Vetch	**57,894**	32,550	**437,891**	207,813	**301,057**	379,439	**796,842**	619,802	**1,207,397**	1,010,447
Jim Gibson	**67,510**	37,200	**510,625**	237,500	**336,225**	416,288	**914,360**	690,988	**1,393,490**	1,136,633
Adrian Lee	**44,156**	25,110	**333,984**	160,313	**244,717**	308,418	**622,857**	493,841	**937,399**	795,578
John Trotman	**50,044**	27,900	**378,516**	178,125	**256,432**	308,418	**684,992**	514,443	**1,037,237**	846,642
Total	**219,604**	122,760	**1,661,016**	783,751	**1,138,431**	1,412,563	**3,019,051**	2,319,074	**4,575,523**	3,789,300

(1) Taxable benefits comprise medical cover, permanent health insurance, life insurance and private fuel usage.

(2) Nicholas Vetch and Jim Gibson receive a cash supplement in lieu of their full pension contributions. Adrian Lee and John Trotman receive cash supplements in lieu of pension contributions to the extent that they exceed £10,000.

(3) The values shown in long-term incentives in the current year are the LTIP award granted in 2017 which vested on 3 August 2020 to 83.6% of its maximum value and is valued using the share price on that date of 1012p. The award granted for 2021 is 100% of salary for each Executive Director. For Jim Gibson and John Trotman, the value also includes a gain on Sharesave Scheme awards which vested on 31 March 2021.

The average salary increase across the Group in the year was 3%.

Cash Annual Bonus Plan awards – cash (25% of salary maximum)

The policy of the Company is that the cash bonus paid to the Executive Board Directors is the same as the average of the bonus awards (as a % of salary) paid to all the Group's stores on achieving their targets during the course of the year. It is an important part of the Group's culture that the Executive team are rewarded with the same level of annual bonus as the average for all staff.

In respect of the year under review, and in line with the average bonus as a percentage of salary paid across the stores the Executive Board Directors' received a cash bonus of 15.7% of salary (out of a maximum of 25% of salary).

Remuneration Report (continued)

Overview of the staff (and Executive Director) cash bonus scheme

The staff bonus scheme is designed, on a quarterly basis, to reward each store with a bonus of up to 25% of their quarterly salary, made up of the following four key elements set out below:

Occupancy performance against target

Each store is set a quarterly target for occupancy growth. The weighting of the contribution of these metrics to the bonus varies based on store occupancy, with higher occupied stores having a lower weighting towards their performance against their occupancy target.

The bonus awarded to each store increases as the store moves further ahead of target. No bonus is awarded if the store fails to meet its target. The individual store targets have not been disclosed as it would be impractical and commercially sensitive to disclose the targets for every one of our stores in this report.

However following feedback received from our shareholders on previous remuneration reports to increase the disclosure around the annual bonus, we have shown the average annual distribution of performance against target for each of the bonus measures across our stores and the corresponding average pay-out as a percentage of salary which directly corresponds to the bonus percentage pay-out for the Executive Board Directors.

The average performance against the four key targets and the associated reward for the stores were as follows:

1. Occupancy

Performance against target	Below target	0 to 10% ahead of target	10 to 20% ahead of target	20 to 30% ahead of target	30 to 40% ahead of target	> 40% ahead of target	Total
No of stores	31	1	3	3	2	38	78
Average bonus paid	0.0%	1.0%	2.0%	3.5%	5.5%	10.0%	4.5%

Additionally, 32 stores were awarded bonuses for averaging 85% occupancy and above earning a total weighted average bonus of 2.1%. The weighted average bonus paid to stores for performance against occupancy targets is therefore 6.6% of salary for the year.

2. Profitability

Each store is set a quarterly target for profitability. The weighting of the contribution of these metrics to the bonus varies based on store occupancy, with higher occupied stores having a higher weighting towards their performance against their profitability target.

The bonus awarded to each store increases as the store moves further ahead of target. No bonus is awarded if the store fails to meet its target. The performance distribution of the store's performance against their individual targets are provided below.

Performance against target	Below target	0 to 1% ahead of target	1 to 2% ahead of target	2 to 3% ahead of target	>3% ahead of target	Total
No of stores	12	12	19	15	20	78
Average bonus paid	0.5%	2.3%	4.6%	7.6%	9.6%	4.8%

The weighted average bonus paid to stores for performance against profitability targets is therefore 4.8% of salary for the year.

3. Store audits

Stores receive a bonus if they receive an audit score of in excess of 85% based on visits carried out by the Group's store compliance team. There were 60 instances of stores receiving an audit score of 85% and above across the year, leading to a weighted average bonus paid to the stores of 1.8% of salary.

4. Customer satisfaction

Stores are rewarded based on two elements of customer satisfaction, net promoter scores and individual customer service awards. The awards based on net promoter scores are summarised in the table below.

NPS score	<75	>75	Total
No of stores	16	62	78
Average bonus paid	0%	1.2%	0.7%

The weighted average bonus paid to stores for performance against net promoter scores is therefore 0.7% of salary for the year.

The bonus paid to stores for individual customer service awards amounted to a further 1.8% of salary, which, combined with the net promoter score, amounted to a weighted average bonus paid to the stores for customer satisfaction of 2.5% of salary.

Summary

The bonus received by the stores against their targets in the year is summarised as follows.

Category	Actual % weighting for category	Average % of salary bonus paid across stores
1. Occupancy	6.6%	42.0%
2. Profitability	4.8%	30.6%
3. Store audits	1.8%	11.5%
4. Customer satisfaction	2.5%	15.9%
Total	**15.7%**	**100.0%**

In line with the Remuneration Policy an award of 15.7% of salary has therefore also been paid to the Executive Board Directors for the year, which equated to the following payments:

- Nicholas Vetch – £57,894
- Jim Gibson – £67,510
- Adrian Lee – £44,156
- John Trotman – £50,044

Deferred Annual Bonus Plan awards – deferred shares (125% of salary maximum)

This is the third year of operation of the Group's deferred annual bonus plan. The Remuneration Committee set targets at the start of the financial year across a broad range of financial and non-financial targets. Targets are either on a sliding scale or binary. The targets and the performance against them in the year is shown in the table below.

Pay-out	Below Target 0%	Target 50%	Above Target 75%	Maximum 100%	Actual performance	Pay-out
1. Like-for-like occupancy growth (ppts)						
Weight: 35%	<0	0-1.0	1.0-2.0	>2.0	6.7 ppts	100%
2. Average net rent per sq ft growth (%)						
Weight: 5%	<1.25	1.25-2	2-2.75	>2.75	1.1%	0%
3. Operating profit (£m)						
Weight: 15%	<77.7	77.7-78.7	78.7-80.0	>80.0	£81.5m	100%
4. Staff turnover						
Weight: 5%	>33	33-32	32-31	<31	20.5	100%

Pay-out	Fail 0%	Pass 100%	Actual performance	Pay-out
5. Net promoter score				
Weight: 10%	Based on move-ins and move-outs. Achieve an NPS score of 75, which represents exceptional levels of customer service.		The Group's NPS score in the year was 82.9.	100%
6. Property Acquisitions				
Weight: 10%	Seek to acquire at least two sites for new stores in the year, which complement the existing portfolio, and which are consistent with the Group's strategy and long-term plans.		The Group acquired three high quality London sites during the year in Wapping, Staines, and Epsom.	100%
7. Planning				
Weight: 10%	Obtain planning consent on Kings Cross and at least one other of the Group's development sites during the year, consistent with the strategy to continue to add high quality capacity to the Group's existing open store portfolio (5% for Kings Cross and 5% for one other location).		The Group obtained planning on five development sites during the year, including at Kings Cross.	100%
8. ESG				
Weight: 10%	Reduce carbon intensity by 5% or better year on year (2020: reduction achieved of 8%) (5% weighting). The Group uses three external benchmarks in CDP, FTSE 4 Good and GRESB. The Committee will review performance against these benchmarks in determining the pay-out (5% vesting).		Carbon intensity reduced by 12% year on year. Our external benchmarking performance has exceeded expectations: we have been awarded an A- from CDP; and have been rated a 'Leader' for CDPs Supplier Engagement Rating (SER), a first for us. We have maintained our performance with GRESB and FTSE4Good.	100%

Remuneration Report (continued)

At the outset of the Covid-19 pandemic, the Board agreed to support our customers by deferring the normal rent increases for the first four months of the financial year. Additionally, the Group provided assistance discounts to many of our customers, in particular small businesses, who were struggling for cash flow during the initial lockdown. Given the impact of these decisions in reducing the average net rent per sq ft achieved over the year, the Committee agreed to increase the weighting on the like-for-like occupancy growth (from 25% to 35% of potential) and reduce the weighting on the net rent metric (from 15% to 5%) so as not to penalise management for acting in the interests of our customers. Given the relationship of these two metrics to revenue (which combined for the year ended 31 March 2021 to produce like-for like store revenue growth of 4.9% over the year, which was well ahead of budget), the Committee has decided to simplify the approach in respect of the year ending 31 March 2022 by just focussing on revenue rather than measuring its principal constituent drivers of occupancy and net rent.

Summary table

The performance against each target, and its contribution to the deferred bonus payable is summarised in the table below:

Target	% achieved	Weighting	Contribution to plan vesting (%)
Occupancy growth	100%	35%	35%
Average net rent growth	0%	5%	0%
Operating profit	100%	15%	15%
Staff turnover	100%	5%	5%
Net promoter score	100%	10%	10%
Property acquisitions	100%	10%	10%
Planning consents	100%	10%	10%
ESG	100%	10%	10%
Total		**100%**	**95%**

The above performance assessment of 95% translates into the following awards for each of the Executive Board Directors:

Director	Value of award
Nicholas Vetch	£437,891
Jim Gibson	£510,625
Adrian Lee	£333,984
John Trotman	£378,516

The number of shares will be calculated by reference to the closing share price on the date of grant, which will be after the Company's Preliminary Announcement in May 2021. The awards will vest three years after the date of grant of each award.

Long Term Incentive Plan ("LTIP") awards (Audited)

The awards granted under the LTIP are subject to performance conditions to be met over a performance period of three years. There is no retesting of performance conditions and, if they are not satisfied, the awards will lapse.

The performance conditions applicable to the LTIP which vested in the year, which relate to EPS and TSR, are set out below. The Committee assessed the extent to which the EPS and TSR performance condition has been satisfied for the 2017 award which vested in 2020, with the following results:

Condition	Weighting	Threshold Performance required	Maximum Performance Required	LTIP value for meeting threshold and maximum performance (% salary)	Performance achieved	Vesting %
Adjusted eps growth	70%	Adjusted EPS growth of RPI + 3% per annum	Adjusted EPS growth of RPI + 8% per annum	25% to 100%	9.2% adjusted EPS growth, compared to 5.77% (RPI +3%), and 10.77% (RPI plus 8%).	76.6%
Relative TSR	30%	Median of comparator group of real estate companies	Upper quartile of the comparator group	25% to 100%	5 out of 41 in comparator group of companies in the FTSE Real Estate Index	100%
Total	**100%**					83.6%

The vesting of the 2017 LTIP award in 2020, equated to the following value for the Executive Board Directors based on the share price at the date of vesting:

Director	Shares Awarded	Shares Vested (based on 83.6% vesting)	Value at Vesting	Gain attributable to share price appreciation*
Nicholas Vetch	35,588	29,749	£301,057	n/a
Jim Gibson	39,053	32,645	£330,369	£39,576
Adrian Lee	28,928	24,181	£244,717	£23,966
John Trotman	28,928	24,181	£244,717	£29,330

*Calculated by taking the difference between the share price at vesting and share price at exercise and multiplying by the number of shares which vested.

LTIP awards granted in year ended 31 March 2021 (Audited)

The table below sets out the details of the long-term incentive awards granted in the year ended 31 March 2021 where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods.

Director	Award Type	Awards as a % of salary	Face value of award[1]	Percentage of award vesting at threshold performance	Maximum percentage of face value that could vest	Performance Period end date	Performance conditions
Nicholas Vetch	Annual cycle of awards over nil cost options	100% of salary	£375,000	25%	100%	5 August 2023	Adjusted EPS growth and relative TSR
Jim Gibson			£440,000				
Adrian Lee			£285,000				
John Trotman			£325,000				

(1) The face value of the award is calculated using the average share price three days prior to the grant date of 5 August 2020 (average share price of 1015 pence).

Following a review of the LTIP performance conditions, and difficulty in setting robust long-term earnings targets in light of Covid-19, the Committee made a minor change in respect of the 2020 awards. Rather than a 70:30 EPS:TSR weighting, the targets were reweighted to 30:70 EPS:TSR for the 2020 awards. No changes were made to the EPS and TSR target ranges. The performance conditions applicable to the awards granted in August 2020 are set out below:

Condition	Weighting	Threshold Performance required	Maximum Performance Required	LTIP value for meeting threshold and max performance (% salary)	Basis for measurement
Relative TSR	70%	Median of comparator group of real estate companies	Upper quartile of the comparator group	25% to 100%	The average of the Group's closing mid-market share price over the three months preceding the start of the performance period and preceding the end of the performance period will be used, including dividends re-invested.
Adjusted EPS	30%	Adjusted EPS growth of RPI+3% per annum	Adjusted EPS growth of RPI+8% per annum	25% to 100%	The adjusted EPS figure reported in the audited results of the Group for the last complete financial year ending before the start of the performance period and the last complete financial year ending before the end of the performance period will be used.

Between threshold and maximum performance, vesting will take place on a straight-line basis.

Sharesave Scheme

The Group's Sharesave Scheme is open to all UK employees (including Executive Board Directors) with a minimum of six months' service and meets UK HMRC requirements, thus giving all eligible employees the opportunity to acquire shares in the Company in a tax efficient manner. All of the Executive Board Directors participated in the scheme during the financial year. The details of the Sharesave scheme options are shown on page 107.

Pension entitlements

The Company pays pension contributions into the Executive Board Directors' personal pension plans or makes a cash contribution in lieu of pension contributions. They do not participate in any defined benefit scheme. For the year ended 31 March 2021, the Company contribution was 10% of salary for the Executive Board Directors. This has been reduced to 6% of salary from 1 April 2021.

Payments to past Directors (Audited)

No payments of money or any other assets were made to any former Director of the Company in the financial year ended 31 March 2021 (2020: no payments).

Remuneration Report (continued)

Payments on loss of office (Audited)

Julia Hailes stepped down from the Board on 14 January 2021. She received a payment of £13,163 in respect of her 3 month notice period. No payments were made to Julia (or any other Director) in respect of loss of office during the financial year ended 31 March 2021 (2020: no payments).

Non-Executive Directors (Audited)

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director paid in the year ended 31 March 2021.

	2021 £	2020 £
Richard Cotton	**59,129**	51,100
Georgina Harvey	**17,968**[2]	51,100
Steve Johnson	**14,452**[2]	41,100
Anna Keay	**52,263**	51,100
Vince Niblett	**52,263**	51,100
Julia Hailes	**54,282**[3]	4,258[1]
Laela Pakpour Tabrizi	**31,763**[4]	–
Heather Savory	**4,388**[5]	–
Total	**286,508**	249,758

(1) from appointment on 1 March 2020
(2) until retirement from the Board on 5 August 2020
(3) until stepping down from the Board on 14 January 2021
(4) from appointment on 1 July 2020
(5) from appointment on 1 March 2021

Non-Executive Directors received no taxable benefits for the year ended 31 March 2021.

Statement of Directors' shareholding (Audited)

The Executive Board Directors are required to build and maintain a holding of two times base salary. These requirements have been met by all Executive Board Directors throughout the year. Non-Executive Directors are not subject to a shareholding requirement. Details of the Directors' interests in shares are set out below (all interests are beneficial interests).

The table below shows, in relation to each Director, the total number of shares and share options in which they have an interest at 31 March 2021:

Executive Director	Share ownership requirement (multiple of salary)	Share ownership requirements met	Holding as multiple of March 2021 salary	Beneficially owned shares	LTIP awards subject to performance conditions	Deferred bonus plan awards	Unexercised LTIP options	Unexercised Sharesave options	Options exercised in the financial year
Nicholas Vetch	2x	Yes	201x	6,753,458	103,376	51,210	29,749	2,400	–
Jim Gibson	2x	Yes	61x	2,414,939	118,236	57,557	–	3,528	32,645
Adrian Lee	2x	Yes	34x	874,735	80,047	40,183	–	2,400	24,181
John Trotman	2x	Yes	8x	236,123	87,927	42,925	–	4,657	24,181

Non-Executive Directors' shareholdings (Audited)

Non-Executive	Beneficially owned shares
Richard Cotton	96,317
Vince Niblett	3,000
Anna Keay	–
Laela Pakpour Tabrizi	–
Heather Savory	–

Directors' share awards (Audited)

To provide further context on the shareholding of the Executive Board Directors, options in respect of ordinary shares for Directors who served in the year are as below:

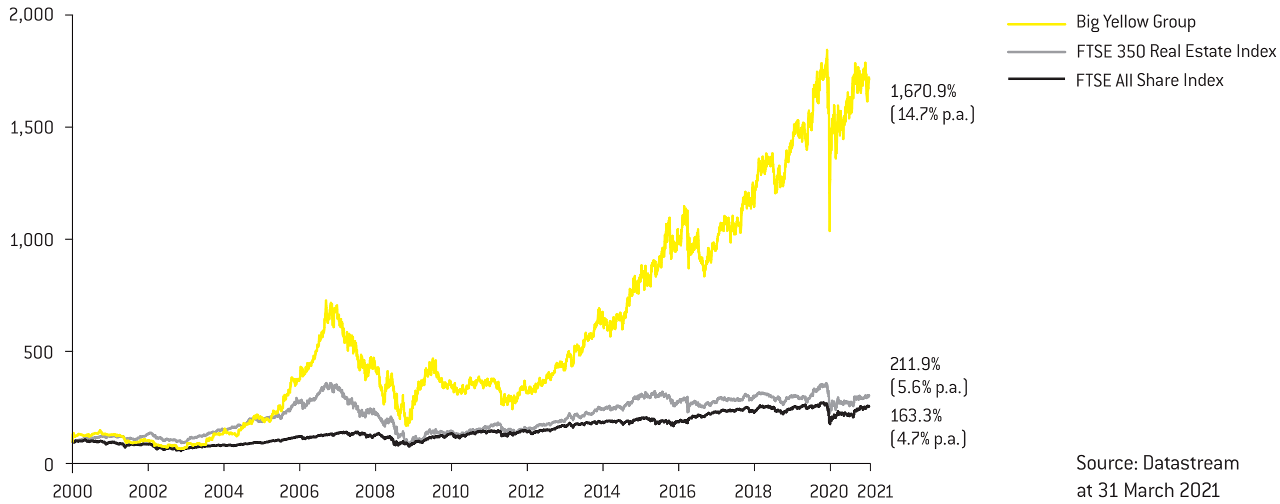
Name	Date option granted	Scheme	No. of shares under option at 31 March 2020	Granted during the year	Exercised during the year	Lapsed during the year	No. of shares under option at 31 March 2021	Exercise price	Market price at date of exercise	Date from which first exercisable	Expiry Date
Nicholas Vetch	3 August 2017	LTIP	35,588	–	–	(5,839)	29,749	nil p	–	3 August 2020	2 August 2027
	19 July 2018	LTIP	32,525	–	–	–	32,525	nil p	–	19 July 2021	18 July 2028
	11 March 2019	SAYE	2,400	–	–	–	2,400	749.9p	–	1 April 2022	1 October 2022
	23 May 2019	DBP	30,519	–	–	–	30,519	nil p	–	23 May 2022	22 May 2029
	19 July 2019	LTIP	33,905	–	–	–	33,905	nil p	–	19 July 2022	18 July 2029
	15 June 2020	DBP	–	20,691	–	–	20,691	nil p	–	15 June 2023	14 June 2030
	5 August 2020	LTIP	–	36,946	–	–	36,946	nil p	–	5 August 2023	4 August 2030
Jim Gibson	3 August 2017	LTIP	39,053	–	(32,645)	(6,408)	–	nil p	1,133p	3 August 2020	2 August 2027
	12 March 2018	SAYE	1,332	–	–	–	1,332	675.4p	–	31 March 2021	1 October 2021
	19 July 2018	LTIP	36,138	–	–	–	36,138	nil p	–	19 July 2021	18 July 2028
	11 March 2019	SAYE	1,200	–	–	–	1,200	749.9p	–	1 April 2022	1 October 2022
	23 May 2019	DBP	33,910	–	–	–	33,910	nil p	–	23 May 2022	22 May 2029
	19 July 2019	LTIP	38,748	–	–	–	38,748	nil p	–	19 July 2022	18 July 2029
	15 June 2020	DBP	–	23,647	–	–	23,647	nil p	–	15 June 2023	14 June 2030
	5 August 2020	LTIP	–	43,350	–	–	43,350	nil p	–	5 August 2023	4 August 2030
	1 March 2021	SAYE	–	996	–	–	996	903.2p	–	1 April 2024	1 October 2024
Adrian Lee	3 August 2017	LTIP	28,928	–	(24,181)	(4,747)	–	nil p	1,111p	3 August 2020	2 August 2027
	19 July 2018	LTIP	25,813	–	–	–	25,813	nil p	–	19 July 2021	18 July 2028
	11 March 2019	SAYE	2,400	–	–	–	2,400	749.9p	–	1 April 2022	1 October 2022
	23 May 2019	DBP	24,221	–	–	–	24,221	nil p	–	23 May 2022	22 May 2029
	19 July 2019	LTIP	26,155	–	–	–	26,155	nil p	–	19 July 2022	18 July 2029
	15 June 2020	DBP	–	15,962	–	–	15,962	nil p	–	15 June 2023	14 June 2030
	5 August 2020	LTIP	–	28,079	–	–	28,079	nil p	–	5 August 2023	4 August 2030
John Trotman	3 August 2017	LTIP	28,928	–	(24,181)	(4,747)	–	nil p	1,133p	3 August 2020	2 August 2027
	12 March 2018	SAYE	2,665	–	–	–	2,665	675.4p	–	1 April 2021	1 October 2021
	19 July 2018	LTIP	26,846	–	–	–	26,846	nil p	–	19 July 2021	18 July 2028
	23 May 2019	DBP	25,190	–	–	–	25,190	nil p	–	23 May 2022	22 May 2029
	19 July 2019	LTIP	29,061	–	–	–	29,061	nil p	–	19 July 2022	18 July 2029
	15 June 2020	DBP	–	17,735	–	–	17,735	nil p	–	15 June 2023	14 June 2030
	5 August 2020	LTIP	–	32,020	–	–	32,020	nil p	–	5 August 2023	4 August 2030
	1 March 2021	SAYE	–	1,992	–	–	1,992	903.2p	–	1 April 2024	1 October 2024

A proportion of the LTIP awards that were exercised in the year by the Jim Gibson, Adrian Lee and John Trotman were delivered through CSOP approved options. They each exercised an option over 3,242 approved shares. The value delivered through these approved options was surrendered in the unapproved LTIPs above.

Remuneration Report (continued)

Performance and pay

The graph below shows the Group's performance, measured by TSR, compared with the performance of the FTSE All Share Real Estate Index and the FTSE All Share Index for the period since flotation. The FTSE All Share Real Estate Index is used for the assessment of the Company's LTIP.



Source: Datastream
at 31 March 2021

CEO Remuneration

The table below sets out the details of remuneration of the CEO over the past ten financial years.

Year	CEO single figure of total remuneration (£)	Annual bonus (cash) pay out % against maximum of 25% of salary	Annual bonus (deferred) pay out % against maximum of 125% of salary	Long term incentive weighted average vesting rates against maximum opportunity %
2021	1,393,490	62.8% (15.7% of salary)	95% (118.75% of salary)	83.6%
2020	1,136,633	37.2% (9.3% of salary)	47.5% (59.4% of salary)	100%
2019	1,182,482	40.8% (10.2% of salary)	81.875% (102.3% of salary)	100%
2018	2,178,066	51.6% (12.9% of salary)	n/a	95%
2017	850,619	40% (10% of salary)	n/a	100%
2016	988,811	48% (12% of salary)	n/a	100%
2015	1,756,290	50% (12.5% of salary)	n/a	98%
2014	536,262	40% (10% of salary)	n/a	53%
2013	335,891	40% (10% of salary)	n/a	0%
2012	1,400,570	40% (10% of salary)	n/a	89%

The single figure of remuneration for 2018, 2015 and 2012 are higher than in other years due to the vesting of the three year Long Term Bonus Performance Plan in those years delivering a reward of £1,343,995 (93.33% vesting), £945,750 (97% vesting) and £900,000 (90% vesting) respectively for the three year period ended in that year.

Percentage change in the Director remuneration

The table below compares the percentage change in each Director's annual remuneration (i.e. salary/fees, benefits, and annual bonus) with the remuneration of Big Yellow Group employees.

	% Change from 2019/2020 to 2020/2021		
	Salary/Fee	Benefits	Bonus
Nicholas Vetch	5%	(13%)	78%
Jim Gibson	8%	9%	81%
Adrian Lee	4%	9%	76%
John Trotman	6%	(26%)	79%
Richard Cotton	16%	n/a	n/a
Georgina Harvey	n/a	n/a	n/a
Steve Johnson	n/a	n/a	n/a
Anna Keay	2%	n/a	n/a
Vince Niblett	2%	n/a	n/a
Julia Hailes	n/a	n/a	n/a
Laela Pakpour Tabrizi	n/a	n/a	n/a
Heather Savory	n/a	n/a	n/a
Average employees	**3%**	**2%**	**74%**

Georgina Harvey, Steve Johnson, Julia Hailes, Laela Pakpour Tabrizi and Heather Savory did not serve on the Board for the full financial year and hence have been shown as "n/a" in the salary/fee column of this table.

The increase in Richard Cotton's fee is due to him taking on an additional Committee Chairmanship during the year.

CEO pay ratio

The data shows how the CEO's single figure remuneration for the year ended 31 March 2021 (as taken from the single figure remuneration table) compares to equivalent single figure remuneration for full-time equivalent UK employees, on a Group basis, ranked at the 25th, 50th and 75th percentile.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	Option A	58 to 1	47 to 1	30 to 1
2020	Option A	50 to 1	42 to 1	28 to 1

No components of pay and benefits have been omitted for the purpose of the above calculations. Option A was selected given that this method of calculation was considered to be the robust approach in respect of gathering the required data. The underlying quartiles for salary and total remuneration numbers for full-time equivalent UK employees are set out below:

	Salary			Total pay and benefits		
Year	25th %tile	Median	75th %tile	25th %tile	Median	75th %tile
2021	£20,862	£24,190	£34,008	£24,109	£29,406	£46,162
2020	£20,495	£24,035	£35,330	£22,555	£27,232	£40,975

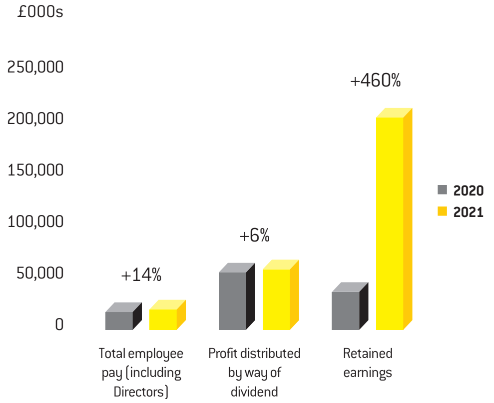
Statement of consideration of employment conditions elsewhere in the Group

The Committee reviews the reward and retention of the whole employee population periodically throughout the year to ensure that it can attract and retain top talent. Consideration is given to the general basic salary increase, remuneration arrangements and employment conditions. Furthermore, the annual cash bonus awarded to Executive Board Directors is directly linked to the bonuses awarded to all staff.

The Directors are invited to be present at this review of the proposals for salary increase for the employee population generally and on any other changes to remuneration policy within the Company. The information presented at this review is taken into consideration when setting the pay levels of the executive population. Additionally, the Committee has guidelines for the grant of all LTIP awards across the Company and responsibility for approving the total annual bonus cost of the Company. The Company does not invite employees to comment on the remuneration of Directors.

Relative importance of spend on pay

The graph below sets out the relative importance of spend on pay in the year ended 31 March 2021 and 31 March 2020 compared with other disbursements from profit, being the distributions to shareholders and retained earnings (comprehensive gain for the year less dividends).



Gender and ethnicity pay

The Group has reported on its gender pay gap for April 2020. The full report can be found on our investor relations website http://corporate.bigyellow.co.uk/investors.aspx. The Group's mean gender pay gap was 26% (2019: 28%), with a median gap of 10% (2019: 10%). Excluding Executive Board Directors (three of whom were founders of the business), the mean gender pay gap falls to 10% (2019: 13%) with a median gap of 8% (2019: 9%). All staff are paid equally according to job role.

It is pleasing to see that our Mean Gender Pay Gap has decreased to 26% from 28% in April 2019. This is caused in part by the delayed pay increases to our Executive Directors; if their pay award had increased in April 2020 then the mean Pay Gap would have been 27%. This reduction from 28% was due to two new female senior managers being appointed to positions previously occupied by males.

The Group has also analysed its ethnicity pay for April 2020. The Group's mean ethnicity pay gap was 7%, with a median gap of 9%. Excluding Executive Board Directors, the mean ethnicity pay gap increases to 18% with a median gap of 8%. All staff are paid equally according to job role.

We believe that diversity and inclusion are key to a successful and sustainable business and we are committed to creating a culture where all team members can be themselves, feel empowered to succeed and deliver a customer experience that is second to none. We encourage and enable all employees, regardless of their gender, race, background, or any other characteristics, to reach their full potential as we believe that having a diverse workforce with fair representation is strategically important and generates value to our stakeholders.

We have continued our focus on diversity and inclusion and over the last year we have:

- Formed an Inclusivity and Diversity Committee which has initially focussed on gender and ethnicity;
- Reviewed our job advertisements to remove any gender bias;
- Focussed on attracting more female candidates via our website and social media posts;
- Used a specialist recruitment consultancy who specifically represents female applicants and other diverse groups, to support the recruitment of a senior management position;
- Invested in e-learning for our stores, with 20% more females taking up this training than males;
- Encouraged more women to take part in our management development programmes. 57% of Sales Advisor participants who are currently completing the programme are female (50% in 2020);
- Increased our proportion of female Store Managers from 30% in March 2020 to 33% in March 2021;
- Increased our proportion of female Store Managers and Assistant Store Managers from 38% in 2020 to 40% in March 2021; and
- Increased our proportion of female Non-Executive Directors from 50% in March 2020 to 60% in March 2021.

We have made significant progress in relation to inclusion and diversity initiatives over the last 12 months and will continue to challenge our thinking around how we recruit new skills and manage and develop existing talent going forward. This will include:

- Introducing a Working From Home Policy within our head office, enabling all team members to achieve a better work life balance;
- Reviewing our job advertisements, benefits and working practices so that they have a greater appeal to female applicants, based upon feedback from new team members;
- Holding regular meetings between line managers and the People and Development Team to review Inclusion and Diversity and identify on-going opportunities for improvement across the different areas of the business;
- Further increasing e-learning opportunities to include video e-learning relating to wellbeing for parents and women in leadership; and
- Introducing a Menopause Policy to support women who are experiencing the impact of the menopause.

In conclusion, whilst we would like to have seen a greater reduction in our Gender Pay Gap, we are making progress in improving the diversity of our leadership and operational management team and we can therefore expect the further changes we have put in place to result in a reduction of the pay gap over time.

We will therefore continue to challenge our own preconceptions of how we work and established ways of thinking. We consider this as essential in enabling us to understand what our team members and customers want and expect from us, thereby being able to better represent the communities that we serve.

Advisers to the Remuneration Committee

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. FIT Remuneration Consultants LLP have been advisers to the Committee since 2017. The Committee is comfortable that the FIT team provides independent remuneration advice to the Committee and does not have any other connections with Big Yellow that may impair their independence. FIT is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com.

During the year, FIT provided independent advice on a wide range of remuneration matters including the proposed new Remuneration Policy. FIT provides no other services to the Company. The fees paid to FIT in respect of work carried out for the year under review were £27,000 (ex VAT).

Approval

This policy report was approved by the Board of Directors on 24 May 2021 and signed on its behalf by

Richard Cotton
Remuneration Committee Chair

Audit Committee Report

Committee members and attendance

Member	Number of meetings attended
Vince Niblett – Chair	● ● ●
Richard Cotton – Member	● ● ●
Julia Hailes – Member	● ● ○
Georgina Harvey – Member	● ○ ○
Steve Johnson – Member	● ○ ○
Anna Keay – Member	● ● ●
Laela Pakpour Tabrizi – Member	○ ● ●
Heather Savory – Member	○ ○ ○

● attended
◍ absent
○ not applicable

Introduction

The Audit Committee is appointed by the Board from the Non-Executive Directors of the Company. The Audit Committee's terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1, the UK Corporate Governance Code, and the new FRC ethical standard. The terms of reference are considered annually by the Audit Committee and are then referred to the Board for approval. The terms of reference are available on the Company's website. https://corporate.bigyellow.co.uk/investors/corporate-governance

The Audit Committee is responsible for:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained therein;
- reviewing the Group's internal financial controls and the Group's internal control and risk management systems, including consideration of the need for an internal audit function;
- making recommendations to the Board, for a resolution to be put to the shareholders for their approval in general meetings, on the appointment of the external auditor, and the approval of the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; and
- ensuring the external auditor only provides those services permitted by the Ethical Standard of the FRC.

The Audit Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

This year the Committee has continued to focus on the narrative reporting and corporate governance disclosures in the Annual Report. The Committee was asked by the Board to review the statement by the Directors that the Annual Report presents a fair, balanced, and understandable view of the Group's performance, strategy, and business model. The Committee also reviewed the Group's going concern and viability statements.

Committee members

All Audit Committee members are expected to be financially literate. Furthermore, the Audit Committee structure requires the inclusion of one financially qualified member (as recognised by the Consultative Committee of Accountancy Bodies). Currently Vince Niblett, as a Fellow of the Institute of Chartered Accountants of England and Wales fulfils this requirement.

The Group provides an induction programme for new Audit Committee members and ongoing training to enable all of the Committee members to carry out their duties. The induction programme covers the role of the Audit Committee, its terms of reference and expected time commitment by members and an overview of the Group's business, including the main business and financial dynamics and risks. New Committee members also meet some of the Group's staff. Ongoing training includes attendance at formal conferences, internal company seminars and briefings by external advisers.

Meetings

The Audit Committee is required to meet three times per year and has an agenda linked to events in the Group's financial calendar. The agenda is predominantly cyclical and is therefore approved by the Audit Committee Chairman on behalf of his fellow members. Each Audit Committee member has the right to require reports on matters of interest in addition to the cyclical items.

The Audit Committee invites the Chief Executive, Chief Financial Officer, Financial Controller, and senior representatives of the external auditor to attend its meetings in full, although it reserves the right to request any of these individuals to withdraw. The Committee meets as required with the external auditor without the Executive Board Directors or senior management present. Other senior management are invited to present such reports as are required for the Committee to discharge its duties.

Overview of the actions taken by the Audit Committee to discharge its duties

Since the beginning of the financial year the Audit Committee has:

- reviewed published financial information including the year end results, Annual Report, half year results and the Quarterly Trading Statements;
- considered whether the Annual Report provides a fair, balanced, and understandable view of the Group's performance, strategy, and business model;
- assessed and concluded on the Group's viability statement and the going concern assessment for the annual and half yearly financial statements;
- considered the output from the Group-wide process used to identify, evaluate, and mitigate risks;
- reviewed the effectiveness of the Group's internal controls and disclosures made in the annual report and financial statements on this matter;
- reviewed and agreed the scope of the audit work to be undertaken by the external auditor;
- agreed the fees to be paid to the external auditor for their audit of the financial statements and half-yearly report;
- considered and agreed the approach of performing Directors' valuations of investment properties for the half-year report;
- undertaken an assessment of the qualification, expertise and resources, and independence of the external auditor and the effectiveness of the audit process;
- considered the audit partner and audit firm rotation including meeting and approving the proposed new audit partner for the 2022 audit;
- undertaken an evaluation of the performance of the external auditor and assessed their effectiveness;
- held discussions with the auditors on key judgements;
- considered the need for an internal audit function;
- considered the FRC ethical standard governing non-audit services and audit committees;
- reviewed the arrangements for "whistleblowing" by employees to ensure that there is a consistent policy in the Group to enable employees to voice concerns particularly in respect of possible financial reporting improprieties. A whistleblowing policy is included in the employee handbook and there is an external whistleblowing monitoring service;
- met the Group's external valuers and considered their competence and independence;
- met the Group's Store Compliance Manager;
- reviewed the Audit Committee's Report; and
- reviewed its own effectiveness.

Audit Committee Report (continued)

Financial reporting and significant financial judgements

The Committee reviews all financial information published by the Group in year end and half-year financial statements, including the presentation and disclosure of the financial information. It also considers the appropriateness of the accounting policies adopted by the Group and the accounting judgements made by management in the preparation of the financial information.

The Committee has considered whether the Annual Report for the year ended 31 March 2021 provides a fair, balanced and understandable view of the Group's performance, strategy and business model and whether it provides the necessary information to enable shareholders and prospective shareholders to assess the Group's performance, strategy and business model. The Committee is satisfied that the Annual Report for the year ended 31 March 2021 provides a fair, balanced, and understandable view and includes the necessary information as set out above. The Committee has confirmed this to the Board, whose statement is included in the Statement of Directors' Responsibilities on page 121.

The Committee focuses on matters it considers important in their impact on the reported results of the Group, and on matters where there is a high degree of complexity and/or judgement.

The key area of judgement that the Committee focuses on at the reporting date is the valuation of the investment property portfolio. This is carried out by independent external valuers, but by its nature it is subjective, with significant judgement applied to the valuation, particularly given the lack of transactional evidence for prime self storage assets. The Chairman of the Committee met the external valuers to discuss the valuations, review the key judgements, and discussed whether there were any disagreements with management. This year the Committee reviewed and challenged the valuers on the cap rates, rental growth assumptions and stabilised occupancy levels, to agree on the appropriateness of the assumptions adopted. The Committee also challenged the valuers and satisfied itself on their independence, their quality control processes (including peer partner review) and qualifications to carry out the valuations. Management also have processes in place to review the external valuations. In addition, the external auditors use valuation specialists to review the valuations and report their findings and conclusions to the Audit Committee.

The Committee has also considered a number of other judgements made by management in the preparation of the financial statements. There have been no business combinations in the year. The Committee has concluded that there are not significant levels of judgements involved, other than the valuation described above.

There has been no change to the other key judgement included in the financial statements, which is that the Group's stores should be accounted for as Investment Property.

Management have reported to the Audit Committee that they are satisfied that they are not aware of any material misstatements in the financial statements. The external auditors confirmed in their report to the Audit Committee that they had not found any material misstatements during their audit work.

Based on the above, the Committee concluded that the financial statements appropriately apply the key estimates and critical judgements, in respect of the disclosures and the amounts reported. The Committee also concluded that the annual report and financial statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

External auditor

The Audit Committee is responsible for the development, implementation, and monitoring of the Group's policy on external audit. The policy assigns oversight responsibility for monitoring the independence, objectivity, and compliance with ethical and regulatory requirements to the Audit Committee, and day-to-day responsibility to the Chief Financial Officer. The policy states that the external auditor is jointly responsible to the Board and the Audit Committee and that the Audit Committee is the primary contact.

To fulfil its responsibility regarding the independence of the external auditor, the Audit Committee reviewed:

- the external auditor's plan for the current year, noting the role of the senior statutory audit partner, who signs the audit report and who, in accordance with professional rules, has not held office for more than five years, and any changes in the key audit staff;
- the arrangements for day-to-day management of the audit relationship;
- a report from the external auditor describing their arrangements to identify, report and manage any conflicts of interest; and
- the overall extent of non-audit services provided by the external auditor, in addition to its case-by-case approval of the position of non-audit services by the external auditor.

Audit rotation

During 2016 following a robust tender process, the Committee appointed KPMG LLP as auditors. As part of the tender process, the Committee reviewed KPMG's proposals for the audit and determined that they had an appropriate plan in place to carry out an effective audit. KPMG confirmed to the Committee that it maintained appropriate internal safeguards to ensure its independence and objectivity. Steve Masters is the current audit partner and has been the signatory to the Group's financial statements since 2018.

The Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 and the Code.

Annual auditor assessment

The Audit Committee has adopted a formal framework in its review of the effectiveness of the external audit process and audit quality which include the following areas:

- the arrangements for ensuring the external auditor's independence and objectivity;
- the senior statutory auditor and the audit team;
- the external auditor's fulfilment of the agreed audit plan and variations from the plan;
- the quality of the formal audit report to shareholders;
- the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- the robustness and perceptiveness of the auditor in his handling of the key accounting and audit judgements; and
- the content of the external auditor's comments on control improvement recommendations.

Regard is paid to the nature of, and remuneration received, for other services provided by KPMG LLP to the Group and, inter alia, confirmation is sought from them that the fee payable for the annual audit is adequate to enable them to perform their obligations in accordance with the scope of the audit. The only non-audit service provided is the auditors' review of the half year report.

Non-audit work

The Group's policy on external audit sets out the categories of non-audit services which the external auditor will and will not be allowed to provide to the Group, including those that are pre-approved by the Audit Committee and those which require specific approval before they are contracted for, subject to de minimis levels. The Group's non-audit policy reflects the Ethical Standard on Non-Audit Services which came into effect on 15 March 2020. The Committee's policy is that the auditors will not be asked to carry out non-audit work with the exception of the half year review and regulatory and bank required reporting.

More generally, the auditors may not provide a service which places them in a position where they may be required to audit their own work. Specifically, they are precluded from providing services relating to bookkeeping, financial information system design and implementation, appraisal or evaluation services, actuarial services, any management functions, taxation advisory services, investment banking services, legal services unrelated to the audit or advocacy services.

In respect of the year ended 31 March 2021, the auditor's remuneration comprised £263,000 for audit work and £42,000 for other work, solely relating to the interim review. Over a three year rolling period, the level of non-audit fees is below the audit fee, with non-audit fees representing 14% of audit fees in 2020 and 15% in 2019.

Risk management and internal control

The Committee and the Board reviewed the internal control processes of the business and the Group's risk register during the year. The risks and uncertainties facing the Group, and its internal control processes are considered in the Strategic Report on page 42.

Internal audit

The Committee has considered the Board's view that, given the relatively straightforward nature of the Group's business and the control environment in place, no formal internal audit function is required. The Group has a store compliance team, which effectively carries out an internal audit role for the Group's stores, visiting each store twice a year. This provides the Committee comfort over the store related aspects of the Group's business. The Committee meets with the Store Compliance Manager as required, and at least once a year.

Additionally, on a regular cycle, the Board appoints external consultants to assess specific business areas of risk and provide a report to the Board and the Committee on this area. The cycles covered by this activity include construction expenditure, treasury, taxation, and facilities management. This gives the Committee comfort over the controls over key business cycles within the Company.

With the combination of the store internal audit and the external assessment of the key business cycles, the Committee considers that this provides a robust internal audit assessment for the Group.

Overview

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditor.

The Chairman of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Approved by the Audit Committee and signed on its behalf by:

Vince Niblett
Audit Committee Chairman

24 May 2021

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the audited financial statements and auditor's report for the year ended 31 March 2021. The Report on Corporate Governance on pages 79 to 84 forms part of this report.

Details of significant events since the balance sheet date are included in note 25 to the financial statements. An indication of likely future developments in the business of the Company is included in the strategic report.

Information about the use of financial instruments by the Company and its subsidiaries is given in note 18 to the financial statements.

Dividends

The Directors are recommending the payment of a final dividend of 17.0 pence per share for the year (2020: 16.7 pence per ordinary share). An interim dividend of 17.0 pence per share was paid in the year (2020: 17.1 pence per share).

A property income distribution of 32.0 pence is payable for the year, of which 17.0 pence per share was paid with the interim dividend, and 15.0 pence per share is proposed for the final dividend.

Subject to approval by shareholders at the Annual General Meeting to be held on 22 July 2021, the final dividend will be paid on 30 July 2021. The Ex-div date is 8 July 2021 and the Record date is 9 July 2021.

From April 2018 dividend tax credits have been replaced by an annual £2,000 tax-free allowance on dividend income across an individual's entire share portfolio. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of the dividends paid by Big Yellow Group PLC, and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability. This change was announced by the Chancellor, as part of the UK government Budget, in July 2015.

SECR and Mandatory GHG Reporting

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('SECR') came into force on 1 April 2019 and applies to companies with financial years starting on or after 1 April 2019.

The 2018 Regulations define what must be included in the Directors' Report, namely:

- Annual GHG emissions from activities for which the Company is responsible including combustion of fuel and operation of any facility, such as such as our flexi-office gas heating, air conditioner coolant replacement, one Company van diesel fuel use emissions and fit-out 'diesel' use emissions (assuming qualifying fit-out activities have taken place during the year);
- Annual emissions from the purchase of electricity, heat, steam or cooling by the Company for its own use, such as electricity for our stores and fit-out activities;
- Underlying global energy use;
- Previous year's figures for energy use and GHG;
- At least one intensity ratio;
- Energy efficiency action taken; and
- Methodology used.

We will also continue to report on our Scope 3 emissions: Electricity supplier 'transmission and distribution' emissions – currently, voluntary GHG emissions, from our waste and water supply chains are assessed as 'not material' – we are now including 'employee business travel' (from car mileage claims only). We will also retain the practice of reporting our previous few years to show longer term trends.

We have introduced 'Market-based emission' reporting for this financial year. The emissions reported here reflect the emissions associated with the electricity tariff we have purchased; whereas 'Location-based emissions' are emissions associated with the UK grid and applies the required DEFRA conversion factors. Where we have not indicated market-based or location-based figures, location-based can be assumed.

Please note, our operations are solely based in the UK and we therefore will be reporting a single geographical scope – UK and offshore area only.

a) Data

Year ending 31 March	UK and offshore area	2019	2019 restated	2020	2020 restated	**2021**
GHG Scope 1 total tonnes CO_2e	Total Scope 1 Emissions location-based	133.5	no change	131.7	no change	**166.6**
GHG Scope 2 total tonnes CO_2e	Total Scope 2 Emissions location-based	2,665.1	2,515.0	2,439.7	2,237.6	**2,049.9**
GHG Scope 2 total tonnes CO_2e	Total Scope 2 Emissions market-based		New for 2019/20	1,142.0	1,072.6	**0.0**
Total GHG Scope 1 & 2 Total tonnes CO_2e	Total Scope 1& 2 Emissions location-based	2,798.8	2,648.5	2,571.4	2,369.3	**2,216.5**
Total GHG Scope 1 & 2 Total tonnes CO_2e	Total Scope 1& 2 Emissions market-based		New for 2019/20	1,273.7	1,204.3	**166.6**
Scope 3 total tonnes CO_2e	Electricity Transmission Losses and Employee Business travel	366	366	315	303	**250**
tCO_2e/ revenue (£000s) – location-based	Greenhouse Gas (GHG) emissions intensity from building energy consumption	22.3	21.1	20.6	18.3	**16.4**
tCO_2e/ revenue (£000s) – market-based	Greenhouse Gas (GHG) emissions intensity from building energy consumption		New for 2019/20	9.9	9.3	**1.2**
tCO_2e/ Occupied space (000s m^2)	Greenhouse Gas (GHG) emissions intensity from building energy consumption (scope 1 and 2)	7.9	7.4	7.2	6.6	**5.9**
tCO_2e/ CLA (000s m^2)	Greenhouse Gas (GHG) emissions intensity from building energy consumption (scope 1 and 2)	6.5	6.1	5.9	5.5	**4.9**
Energy data	Underlying Scope 1 and 2 emissions energy data (kWhs)		New for 2019/20	10,214,794	9,626,987	**9,627,876**

Notes to the data table: Regarding restating, each year, the last 3 months of our emissions data is reported using prior year's conversion factors, due to an emission factor publication lag – we operate on a 'best available data' principle and will therefore restate each year – see the Basis of Reporting document for specifics.

We also restate if there were material changes during the year. This year we became aware of electricity consumption being reported as part of our total energy rather than the 3rd party who rents space on some of our stores. The 3rd party installs and manages telecoms masts and uses electricity from our stores. This electricity consumption has been removed from our figures and we have restated back to 2018/19 when the amount became material. Regarding Market-based emissions, as of 1 October 2019 we purchase Rego backed 100% renewable energy from Opus Energy, so are able to provide both location-based and market-based CO_2e emissions.

The three location-based intensity metrics are calculated from the location-based Scope 1 & 2 totals. The one market-based intensity metric is calculated from the market-based Scope 1 & 2 totals.

b) Methodology for Calculating Emissions

Please note that we produce a yearly Basis of Reporting document which sets out the methodology we use for all of our KPIs, including GHG emissions. We have included a special section for the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Please access the Basis of Reporting document at corporate.bigyellow.co.uk/sustainability.

c) Energy Efficiency Measures

Background

We have a long-standing strategy of pro-actively managing our energy consumption and becoming an ever more efficient business. We have reported progress over the years both in our Annual Reports as well as our standalone annual CSR Reports, all available online in our Investor and Sustainability sections respectively.

Between 2012 and 2017 we undertook a company-wide upgrade of our lighting to LED and to installing motion sensor controls to ensure lights are only turned on when customers need them; plus a small amount of permanent emergency lighting was improved to LED.

Although the majority of that work has been done, a small number of 'mop up' activities continue to take place, especially where we have not been able to gain access to customers' units to execute the changeover.

All of our electricity and gas meters are fitted with HH automatic meter readers; the data is available to us via an externally hosted platform and used by the internal Environmental Committee (formally the CSR Steering Committee) to review our performance on a quarterly basis.

During the year, we created a more formalised board level governance structure, which can be accessed here. We appointed Heather Savory as Non-Executive Director to the Board; Heather chairs the Sustainability Committee.

Directors' Report (continued)

Most recent ESOS assessment findings & resulting actions

Our ESOS Phase 2 assessment has emphasised the fact that – due to the non-complex nature of our stores – we are limited by the amount of energy saving measures we are able to undertake.

Our independent ESOS assessor's recommendations therefore focussed on increasing our existing Solar PV estate. This recommendation is in alignment with our broader Sustainability Strategy and during the year we added six more solar installations, making it a total of 28 stores.

During the year, we have opened three new stores:

- in Ellesfield Avenue, Bracknell, which was fitted out with a 50kWp solar installation;
- in Southampton Way, Camberwell, which was fitted out with a 50kWp solar installation; and
- in Lombard Road, Battersea which was fitted out with a 50kWp solar installation.

In July 2020, we retrofitted Norwich, Watford, and Tunbridge Wells with 50kWp Solar PV installations each.

During the year, we have generated 665,118 kWh of solar energy (an increase of 15% from the previous year), thereby a) reducing our energy demand from the grid by the kWH we are using on site and b) increasing the grid's renewable mix by exporting part of our energy as the size of our solar installations exceed our demand.

During the year, we have set an ambitious 100% renewable energy and zero carbon emission strategy to 2030; delivered via a combination of on-site solar and off-site renewable energy installations.

For our full Environmental reporting against EPRA KPIs, please see our annual CSR report 2020/21 and our Basis of Reporting document 2020/21. Questions can be directed to csr@bigyellow.co.uk.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 22. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 23, and details of shares held by the Company's Employee Benefit Trust are set out in note 22.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Corporate Governance Code, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Report on Corporate Governance on page 79.

There are a number of agreements that take effect, alter, or terminate upon a change of control of the Company such as commercial contracts, bank loan agreements, property lease arrangements and employee share plans. The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

During the year the Company issued 406,900 shares to satisfy the exercise of share options (2020: 473,369).

Directors

The Directors of the Company who served throughout the year and to the date of approval of the financial statements, except as noted below, were as follows:

Richard Cotton	Senior Independent Director
Jim Gibson	Chief Executive Officer
Julia Hailes	Non-Executive Director (resigned 14 January 2021)
Georgina Harvey	Non-Executive Director (resigned 5 August 2020)
Steve Johnson	Non-Executive Director (resigned 5 August 2020)
Anna Keay	Non-Executive Director
Adrian Lee	Operations Director
Vince Niblett	Non-Executive Director
Heather Savory	Non-Executive Director (appointed 1 March 2021)
Laela Pakpour Tabrizi	Non-Executive Director (appointed 1 July 2020)
John Trotman	Chief Financial Officer
Nicholas Vetch	Executive Chairman

Biographical details of the Executive and Non-Executive Directors standing for re-election are set out on pages 76 to 78.

Directors' indemnities

The Company purchases liability insurance covering the Directors and officers of the Company and its subsidiaries.

Political contributions

No political donations were made by the Company in either the current or preceding financial year.

Substantial shareholdings

The Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency rules, of the following voting rights as a shareholder of the Company at 31 March 2021 and 24 May 2021.

	No. of ordinary shares 31 March 2021	Percentage of voting rights and issued share capital 31 March 2021	No. of ordinary shares 21 May 2021	Percentage of voting rights and issued share capital 21 May 2021
Blackrock Inc	14,754,971	8.4%	15,225,781	8.7%
Ameriprise Financial Inc	8,472,728	4.8%	8,297,780	4.7%
The Vanguard Group Inc	8,404,499	4.8%	8,630,002	4.9%
Jupiter Asset Management Limited	8,192,446	4.7%	8,176,220	4.7%
Resolution Capital	8,171,661	4.7%	8,703,115	5.0%
FMR LLC	8,042,548	4.6%	8,019,274	4.6%
MFS Investment Management	6,247,276	3.6%	6,406,040	3.6%

The interest of the Directors in the share capital of the Company is shown on page 106 of the Remuneration Report.

Purchase of own shares

The Company was granted authority at the AGM in 2020 to purchase its own shares up to a total aggregate value of 10% of the issued nominal capital. That authority expires at this year's AGM and a resolution will be proposed for its renewal. During the year the Company made no purchases of its own shares.

Employee consultation

The Group seeks to ensure employee commitment to its objectives in a number of ways. Strategic changes are communicated directly to all staff who are encouraged to address queries to the Executive Directors. The Directors' executive meetings are frequently held in stores and in addition Directors and senior management visit the stores on a regular basis. Furthermore, there are regular team briefings at store level to provide employees with information about the performance of and initiatives in their store. A wide range of information is also communicated across the Group's Intranet, including the e-publication of the Group's financial results and all press releases, the publication of a quarterly newsletter, and the publication of a weekly operations bulletin.

Directors' Report (continued)

As discussed in the Corporate Governance Report, the Board has appointed a designated Non-Executive Director, Anna Keay, to act as the primary method of workforce engagement for Big Yellow in accordance with the new Corporate Governance Code.

Employees are encouraged to participate in the Group's performance through Employee Share Schemes and performance related bonuses. 52% of eligible employees participate in the Group's Sharesave Scheme.

The Group's recruitment policy is committed to promote equality, judging neither by race, nationality, religion, age, gender, disability, sexual orientation, nor political opinion and to treat all stakeholders fairly.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Human Rights

Big Yellow respects Human Rights and aims to provide assurance to internal and external stakeholders that we are committed to human rights and the principles of the Universal Declaration of Human Rights.

We are committed to creating and maintaining a positive and professional work environment that reflects and respects the basic rights of freedom to lead a dignified life, free from fear or want, and where stakeholders are free to express their independent beliefs. Our employment policies and practices reflect a culture where decisions are made solely on the basis of individual capability and potential in relation to the needs of the business.

Modern Slavery Act

The Group is committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our Anti-slavery Policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains. Our policy is published in full on our website.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/ she ought to have taken as a Director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

This confirmation is given and should be interpreted in accordance with s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board

Shauna Beavis
Company Secretary

24 May 2021

Statement of Directors' Responsibilities

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework. In addition the Group financial statements are required under the UK Disclosure and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, and reliable;
- for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU");
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 24 May 2021 and is signed on its behalf by:

Jim Gibson	**John Trotman**
Chief Executive Officer	Chief Financial Officer

Independent Auditor's Report to the Members of Big Yellow Group PLC

KPMG

1. Our opinion is unmodified

We have audited the financial statements of Big Yellow Group PLC ("the Company") for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 2 and 29.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation to the extent applicable.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 20 July 2017. The period of total uninterrupted engagement is for the four financial years ended 31 March 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole		£13.6m (2020:£12m) 0.74% (2020: 0.74%) of Total Assets
Coverage		99% (2020:100%) of Total Assets
Key audit matters		**vs 2020**
Recurring risks	Valuation of Investment Property, including Investment Property Under Construction	◀▶
	Parent Company: Amounts owed by Group Undertakings	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

2. Key audit matters: our assessment of risks of material misstatement (continued)

Valuation of Investment Property, including Investment Property under Construction

Investment Property £1,622.0m; (2020: £1,385.1m)

Investment Property Under Construction £163.5m; (2020: £136.3m)

Refer to page 112 (Audit Committee Report), page 134 (accounting policy) and page 151 (financial disclosures).

The risk

Subjective valuation:

Investment property valuation is subjective and inherently judgmental in nature.

Investment property fair values are calculated using actual and subjective assumptions inputs such as store occupancy, net rent per square foot, discount rates and exit capitalisation rates. For investment property under construction additional estimates include expected costs to complete and the risk of not obtaining planning permission for non-consented sites.

The Group employs external valuers to apply professional judgment concerning market conditions and factors impacting individual properties.

The investment market for prime self storage is subject to market uncertainty due to the low volume of comparable transactions.

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investment properties has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

Disclosure quality:

The financial statements (note 15) disclose the sensitivity estimated by the Group.

The Directors' assessment of the extent of the disclosure is based on an evaluation of the inherent risks to the valuation.

The risk for our audit is whether or not those disclosures adequately address the uncertainties within the valuation, and if so, whether those uncertainties are fundamental to the users' understanding of the financial statements.

Our response

Our procedures included:

- **Assessing valuers credentials:** We assessed the external valuers qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their independence and objectivity or may have imposed scope limitations upon their work.
- **Methodology choice:** We read the external valuation reports which cover 100% of the investment properties and assessed whether the valuation approach was in accordance with RICS standards and suitable for use in determining the value for the purpose of the financial statements.
- **Personnel interview**: We met with the external valuer and the audit committee chairman with our own internal valuation specialists to discuss the valuation process, key assumption inputs such as occupancy, capitalisation and discount rates, and the rationale behind the more significant or unusual valuation movements during the year.
- **Our sector experience:** We used our knowledge of the entity, our experience of the real estate industry and observed industry norms when assessing the key assumptions and the significant or unusual valuation movements and for investment property under construction we considered the judgment made by the Directors and external valuers for planning risk for non-consented sites.
- **Data provided to the valuer:** We performed property visits and tested the current and historical accuracy of information used to generate key inputs to the valuation such as maximum lettable area, store occupancy and net rental income by physically inspecting a sample of storage units and inspecting a sample of customer storage licence agreements.
- **Independent re-performance:** Using our own internally produced model and the external valuer and Directors' inputs we assessed the reasonableness of valuation as produced by the external valuer.
- **Tests of detail:** For investment property under construction we compared the historical accuracy of Management's forecast construction costs to actual spend on similar construction projects in the past three years. We checked that supporting information for construction contracts and budgets such as original construction cost reports, which was also supplied to the valuer, was consistent with the Group's records. We also obtained evidence that planning permission had been obtained for those development sites for which this was appropriate.
- **Assessing transparency:** We assessed whether the group's disclosures about the sensitivity of the valuation of investment properties to changes in key assumptions adequately reflected the related risks.

Our results

We found the valuation of investment properties, and investment properties under construction and the disclosure of the associated level of uncertainty to be acceptable (2020 result: acceptable).

Independent Auditor's Report to the Members of Big Yellow Group PLC (continued)

	The risk	Our response
Amounts owed by Group Undertakings (Parent Company only) £533.2m; (2020: £568.6m) *Refer to page 112 (Audit Committee Report), page 134 (accounting policy) and page 172 (financial disclosures).*	**Low risk, high value:** The carrying amount of the intra-group debtor balance represents 95% (2020: 95%) of the Company's total assets at 31 March 2021. Their recoverability is not at a high risk of significant misstatement or subject to significant judgment. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.	Our procedures included: ▪ **Test of details:** We assessed 100% of Group debtors to identify, with reference to the relevant debtor's financial statements/ draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed, as well as assessing whether those subsidiary companies have historically been profit-making. ▪ **Assessing subsidiary audits:** We assessed the results of the work performed on the subsidiary audits, including assessing the liquidity of the assets and therefore the ability of the subsidiaries to fund the repayment of the receivable. **Our results** ▪ We found the Company's assessment that the carrying amount of the Group debtor balance is recoverable to be acceptable (2020: acceptable).

In the prior year we reported a key audit matter in respect of the impact of uncertainties due to the UK exiting the European Union. Following the trade agreement between the UK and the EU, and the end of the EU-exit implementation period, the nature of these uncertainties has changed. We continue to perform procedures over material assumptions in forward looking assessments such as going concern and valuation of investment property and investment property under construction however we no longer consider the effect of the UK's departure from the EU to be a separate key audit matter.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £13.6m (2020: £12m), determined with reference to a benchmark of total assets (of which it represents 0.74% (2020: 0.74%).

In addition, we applied materiality of £3.4m (2020: £3.2m) to all balances and classes of transactions impacting adjusted profit before tax (as reconciled to profit before tax in note 10 of the financial statements) for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the company's members' assessment of the financial performance of the Group.

Materiality for the parent company financial statements as a whole was set at £6.1m (2020: £5.4m), determined with reference to a benchmark of company total assets, of which it represents 1.1% (2020: 0.91%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £10.2m (2020: £9m) for the group and £4.6m (2020: £4.1m) for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.68m (2020: £0.6m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

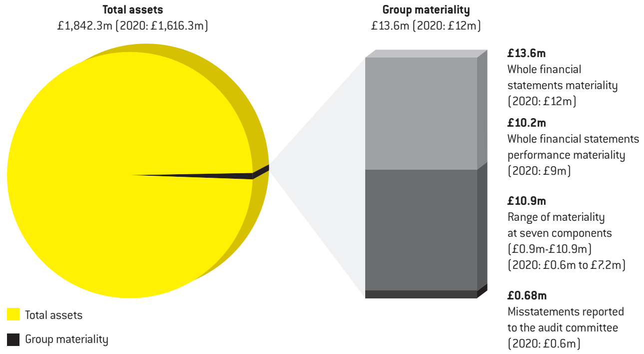
Of the group's 20 (2020: 22) reporting components, we subjected seven (2020: six) to full scope audits for group purposes.

The components within the scope of our work accounted for the percentages illustrated opposite.

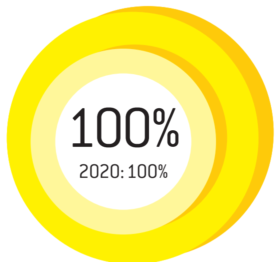
The remaining 0% (2020: 0%) of total group revenue, 0% (2020: 0%) of group profit before tax and 0% (2020: 0%) of total group assets is represented by 16 (2020: 15) reporting components, none of which individually represented more than 0% (2020: 0%) of any of total group revenue, group profit before tax or total group assets. For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The work on all the components, including the audit of the parent Company, was performed by the Group team.

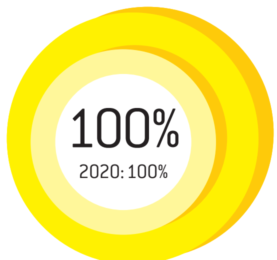
The Group team used component materiality's, which ranged from £0.9m to £10.9m (2020: £0.6m to £7.2m), having regard to the mix of size and risk profile of the Group across the components.



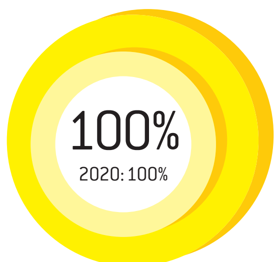
Group Revenue



Total profits and losses that made up group profit before tax



Group total assets



Full scope for group audit purposes 2021
Full scope for group audit purposes 2020
Residual components

Independent Auditor's Report to the Members of Big Yellow Group PLC (continued)

4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for a period of 18 month from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were:

- The impact of macro economic trends on customer activity, particularly customer occupancy rates.
- Increase in LIBOR rates, increasing Group interest rates

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test).

Our procedures also included:

- Critically assessing assumptions in base case and downside scenarios relevant to covenant metrics, in particular in relation to customer performance (namely occupancy rates and net rent levels) by comparing to historical trends in severe economic situations and overlaying knowledge of the entity's trading performance to date and our knowledge of the entity and the sector in which it operates.
- We also compared past budgets to actual results to assess the directors' track record of budgeting accurately.
- We inspected the loan agreements in order to confirm the nature of the associated covenant requirements.
- We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.
- We assessed the completeness of the going concern disclosures.

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2 to be acceptable; and
- the related statement under the Listing Rules set out on page 46 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, and the store compliance function and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of investment property and investment property under construction. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited judgmental aspects to the Group's low value, high volume revenue streams.

We also identified a fraud risk related to valuation of investment property and investment property under Construction in response to the subjective and inherently judgmental nature of this area.

Further detail in respect of valuation of investment property, including investment property under construction is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to the investment property and investment property under construction account, those posted to the cash suspense account and unexpected revenue pairings.
- Evaluated the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, REIT legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, Covid-19 regulations and certain aspects of company legislation recognising the financial nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Members of Big Yellow Group PLC (continued)

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement on page 46 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 46 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review, and to report to you if a corporate governance statement has not been prepared by the company. We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
  - we have not identified material misstatements therein; and
  - the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 121, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Steve Masters (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
2 Forbury Place, 33 Forbury Road, Reading, RG1 3JH

24 May 2021

Consolidated Statement of Comprehensive Income

Year ended 31 March 2021

	Note	2021 £000	2020 £000
Revenue	3	**135,241**	129,313
Cost of sales		**(41,589)**	(38,873)
Gross profit		**93,652**	90,440
Administrative expenses		**(12,159)**	(10,462)
Operating profit before gains on property assets		**81,493**	79,978
Gain on the revaluation of investment properties	14a,15	**189,277**	23,193
Gain on disposal of investment property	14a	**–**	57
Operating profit		**270,770**	103,228
Share of profit of associates	14e	**3,148**	856
Investment income – interest receivable	7	**69**	114
Finance costs – interest payable	8	**(8,017)**	(9,843)
– fair value movement on derivatives	8	**(148)**	(908)
Profit before taxation		**265,822**	93,447
Taxation	9	**(636)**	(871)
Profit for the year (attributable to equity shareholders)	5	**265,186**	92,576
Total comprehensive income for the year (attributable to equity shareholders)		**265,186**	92,576
Basic earnings per share	12	**152.3p**	55.8p
Diluted earnings per share	12	**151.8p**	55.6p

EPRA earnings per share are shown in Note 12.

All items in the statement of comprehensive income relate to continuing operations.

The accompanying notes form part of the financial statements.

Consolidated Balance Sheet

31 March 2021

	Note	2021 £000	2020 £000
Non-current assets			
Investment property	14a	**1,621,990**	1,385,120
Investment property under construction	14a	**163,537**	136,299
Right-of-use assets	14a	**16,644**	17,829
Plant, equipment, and owner-occupied property	14b	**3,910**	4,008
Intangible assets	14c	**1,433**	1,433
Investment	14d	**450**	–
Investment in associates	14e	**13,720**	11,260
Capital Goods Scheme receivable	16	**163**	660
		1,821,847	1,556,609
Current assets			
Inventories		**366**	412
Trade and other receivables	16	**7,764**	7,882
Cash and cash equivalents		**12,322**	51,418
		20,452	59,712
Total assets		**1,842,299**	1,616,321
Current liabilities			
Trade and other payables	17	**(34,563)**	(33,446)
Borrowings	19	**(2,865)**	(2,728)
Obligations under lease liabilities	21	**(1,751)**	(1,751)
		(39,179)	(37,925)
Non-current liabilities			
Derivative financial instruments	18c	**(475)**	(327)
Borrowings	19	**(332,573)**	(397,007)
Obligations under lease liabilities	21	**(16,177)**	(17,186)
		(349,225)	(414,520)
Total liabilities		**(388,404)**	(452,445)
Net assets		**1,453,895**	1,163,876
Equity			
Share capital	22	**17,588**	16,714
Share premium account		**192,218**	112,320
Reserves		**1,244,089**	1,034,842
Equity shareholders' funds		**1,453,895**	1,163,876

The financial statements were approved by the Board of Directors and authorised for issue on 24 May 2021. They were signed on its behalf by:

Jim Gibson
Director

John Trotman
Director

Company Registration No. 03625199

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 March 2021

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2020	16,714	112,320	74,950	1,795	959,116	(1,019)	1,163,876
Total comprehensive income for the year	–	–	–	–	265,186	–	265,186
Issue of share capital	874	79,898	–	–	–	–	80,772
Dividend	–	–	–	–	(58,808)	–	(58,808)
Credit to equity for equity-settled share-based payments	–	–	–	–	2,869	–	2,869
At 31 March 2021	**17,588**	**192,218**	**74,950**	**1,795**	**1,168,363**	**(1,019)**	**1,453,895**

The other non-distributable reserve arose in the year ended 31 March 2015 following the placing of 14.35 million ordinary shares.

The issue of share capital is net of expenses.

Year ended 31 March 2020

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2019	16,667	111,514	74,950	1,795	919,990	(1,019)	1,123,897
Total comprehensive income for the year	–	–	–	–	92,576	–	92,576
Issue of share capital	47	806	–	–	–	–	853
Dividend	–	–	–	–	(55,706)	–	(55,706)
Credit to equity for equity-settled share-based payments	–	–	–	–	2,256	–	2,256
At 31 March 2020	16,714	112,320	74,950	1,795	959,116	(1,019)	1,163,876

The accompanying notes form part of the financial statements.

Consolidated Cash Flow Statement

Year ended 31 March 2021

	Note	2021 £000	2020 £000
Cash generated from operations	26	**87,131**	85,074
Bank interest paid		**(8,850)**	(10,211)
Interest on obligations under lease liabilities		**(772)**	(820)
Interest received		**26**	33
Tax paid		**(823)**	(461)
Cash flows from operating activities		**76,712**	73,615
Investing activities			
Purchase of non-current assets		**(73,010)**	(63,748)
Proceeds on disposal of investment property		**–**	14,105
Investment	14d	**(450)**	–
Receipts from Capital Goods Scheme		**737**	1,226
Dividend received from associates	14e	**688**	649
Cash flows from investing activities		**(72,035)**	(47,768)
Financing activities			
Issue of share capital		**80,772**	853
Payment of lease liabilities		**(1,009)**	(962)
Equity dividends paid	11	**(58,808)**	(55,706)
Loan arrangement fees paid		**–**	(919)
Drawing of new Aviva loan		**–**	35,000
(Decrease)/increase in borrowings		**(64,728)**	29,403
Cash flows from financing activities		**(43,773)**	7,669
Net (decrease)/increase in cash and cash equivalents		**(39,096)**	33,516
Opening cash and cash equivalents		**51,418**	17,902
Closing cash and cash equivalents		**12,322**	51,418

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

Year ended 31 March 2021

1. General information

Big Yellow Group PLC is a Company incorporated in the United Kingdom under the Companies Act 2006, with registration number 03625199. The address of the registered office is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT. The nature of the Group's operations and its principal activities are set out in note 4 and in the Strategic Report on pages 18 to 51.

2. Significant accounting policies

Basis of preparation of financial statements

The Group financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

In addition the Group financial statements are required under the UK Disclosure and Transparency Rules 4.1.6, to have been prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU").

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associates. The parent company financial statements present information about the Company as a separate entity and not about its group.

The financial statements are presented in Sterling, being the currency of the primary economic environment in which the Group operates. Unless otherwise stated, figures are rounded to the nearest thousand.

The accounting policies adopted are consistent with those of the previous financial year.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IAS 16	Property, Plant and Equipment, Proceeds before Intended Use
IAS1 and IFRS Practice Statement 2	Disclosure of Accounting Policy
IFRS 17	Insurance Contracts
Amendments to IAS1	Classification of liabilities as current or non-current
Amendments to IAS 8	Definition of Accounting Estimate
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture
IFRS Standards	Amendments to References to Conceptual Framework in IFRS Standards
Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendment to IFRS 16	COVID 19-Related Rent Concessions

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

There are no other Standards or Interpretations yet to be effective that would be expected to have a material impact on the financial statements of the Group.

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties and derivative financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted, which have been applied consistently to the results, other gains and losses, assets, liabilities and cash flows of entities included in the consolidated financial statements in the current and preceding year, are set out below:

2. Significant accounting policies (continued)

Going concern

A review of the Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are shown in the balance sheet, cash flow statement and accompanying notes to the financial statements. Further information concerning the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk can be found in this Report and in the notes to the financial statements.

At 31 March 2021 the Group had available liquidity of approximately £100 million, from a combination of cash and undrawn bank debt facilities. The Group is cash generative and for the year ended 31 March 2021, had operational cash flow of £76.7 million, with capital commitments at the balance sheet date of £17.3 million.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements, taking into account the Group's operating plan and budget for the year ending 31 March 2022 and projections contained in the longer-term business plan which cover the period to March 2025. After reviewing these projected cash flows together with the Group's and Company's cash balances, borrowing facilities and covenant requirements, and potential property valuation movements over that period, the Directors believe that, taking account of severe but plausible downsides, the Group and Company will have sufficient funds to meet their liabilities as they fall due for that period.

In making their assessment, the Directors have carefully considered the outlook for the Group's trading performance and cash flows as a result of the economic shock brought on by the Covid-19 pandemic, taking into account the trading performance of the Group from the onset of the pandemic to the date of these financial statements. The Directors have also taken into account the performance of the business during the Global Financial Crisis. The Directors modelled a number of different scenarios, including material reductions in the Group's occupancy rates and property valuations, and assessed the impact of these scenarios against the Group's liquidity and the Group's banking covenants. The scenarios considered did not lead to breaching any of the banking covenants, and the Group retained sufficient liquidity to meet its financial obligations as they fall due.

Consequently, the Directors continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 March each year. Control is achieved where the Company has the power to direct the relevant activities of an investee entity so as to obtain benefits from its activities.

The Group consolidates the financial results and balance sheets of Big Yellow Group PLC and all of its subsidiaries at the year end using acquisition accounting principles. All intra-group transactions, balances, income, and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. The results of subsidiaries acquired or disposed of during the year are included in the statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the business combination are recognised in the statement of comprehensive income. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at the lower of their carrying amount and fair value less costs to sell (excluding investment property which is measured at fair value).

Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at their acquisition date (which is typically regarded as their cost). Subsequent to their initial recognition, intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

2. Significant accounting policies (continued)

Investment in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used into line with those used by the Group. Where a Group Company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Revenue recognition

Revenue represents amounts derived from the provision of services which fall within the Group's ordinary activities after deduction of trade discounts and any applicable value added tax. Self storage income is recognised over the period for which the storage room is occupied by the customer on a straight-line basis. The opening offer discount of 50% off for up to 8 weeks is spread evenly over the term of the discount period.

Other storage related income comprises:

- packing material sales are recognised at the point of sale, as there is no further ongoing performance obligation beyond the point of sale; and
- insurance income which is recognised on a straight-line basis over the period a customer occupies their room. The Group recognises insurance income as a principal, as the insurance contract is between the Group and the customer. The Group is also responsible for setting the pricing for the sale of insurance to customers.

The Group recognises non-storage income, which is principally rental income from tenants of properties awaiting development, on a straight-line basis over the period in which it is earned.

Management fees earned are recognised on a straight-line basis over the period for which the services are provided. Fees earned from associates are recognised in full in the statement of comprehensive income through revenue with the proportionate debit shown in the share of profit of associate. Performance fees are earned from the Group's management contract with the Armadillo associate. These fees are subject to performance thresholds such that revenue is not recognised until the specific conditions have been met, and it is highly probable that no significant reversal of amounts would occur.

Borrowings

Interest-bearing loans and overdrafts are initially measured at fair value, net of direct issue costs. Premiums payable on settlement or redemption and direct issue costs are accounted for on an accruals basis in the statement of comprehensive income using the effective interest rate method and are added to the carrying value amount of the instrument to the extent that they are not settled in the period in which they arise. Borrowings are subsequently held at amortised cost.

Finance costs and income

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred, unless the costs are incurred as part of the development of a qualifying asset, when they will be capitalised. Commencement of capitalisation is the date when the Group incurs expenditure for the qualifying asset, incurs borrowing costs and undertakes activities that are necessary to prepare the assets for their intended use when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. In the case of suspension of activities during extended periods, the Group suspends capitalisation. The Group ceases capitalisation of borrowing costs when substantially all of the activities necessary to prepare the asset for use are complete, typically when a store opens.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

The Group classifies finance costs and income as operating cash flow in the cash flow statement.

2. Significant accounting policies (continued)

Debt modification

A change in debt carried at amortised cost that is considered substantial is accounted for as an extinguishment, which means that the original debt is derecognised, with any gain or loss recorded in the statement of comprehensive income, and a new financial liability recorded based on the new terms. If the change is not considered to be substantial (substantial is defined as a change in the net present value of the cash flows of more than 10%), the original debt remains on the books and there is no current statement of comprehensive income impact.

Operating profit

Operating profit is stated after gains and losses on surplus land, movements on the revaluation of investment properties and before the share of results of associates, investment income and finance costs.

Taxation

The Group is a REIT and as a result the Group does not pay UK corporation tax on the profits and gains from its qualifying rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains of the Group are subject to corporation tax as normal. The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates substantively enacted at the balance sheet date that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset as there is a legally enforceable right to set off current tax assets against current tax liabilities.

Leases

The Group adopted IFRS 16 (Leases) in the prior year. The Group applied the modified retrospective approach in adopting IFRS 16 to operating leases. This method includes the calculated lease liabilities and right-of-use assets to be recognised in the consolidated balance sheet on the Group's transition date of 1 April 2019, without the requirement to restate prior periods. Under the standard, the Group also had the option to set the balance of the right-of-use assets, on transition, at an amount equal to the lease liabilities. This option was taken.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

2. Significant accounting policies (continued)

Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Where the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Plant, equipment, and owner occupied property

All property, plant, and equipment, not classified as investment property, is carried at historic cost less depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and investment properties, less any residual value over their estimated useful lives, using the straight-line method, on the following bases:

Freehold property	50 years
Leasehold improvements	over period of the lease
Plant and machinery	10 years
Motor vehicles	4 years
Fixtures and fittings	5 years
Computer equipment	3 to 5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Investment property

The criteria used to distinguish investment property from owner-occupied property is to consider whether the property is held for rental income and/or for capital appreciation. Where this is the case, the Group recognises these owned or leased properties as investment properties. Investment property is initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers. In accordance with IAS 40, investment property held as a leasehold is stated gross of the recognised right-of-use liability.

Gains or losses arising from the changes in fair value of investment property are included in the statement of comprehensive income for the period in which they arise. In accordance with IAS 40, as the Group uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

Leasehold properties are classified as investment properties and included in the balance sheet at fair value. The obligation to the lessor for the buildings element of the leasehold is included in the balance sheet at the present value of the minimum lease payments at inception and is shown within note 21. Note 21 does also include leases which are not classified as investment properties.

When the Group redevelops an existing investment property for continued future use as investment property, the property remains an investment property measured at fair value and is not reclassified.

Investment property under construction

Investment property under construction is initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers.

Gains or losses arising from the changes in fair value of investment property under construction are included in the statement of comprehensive income in the period in which they arise.

2. Significant accounting policies (continued)

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets (excluding investment property and derivative financial instruments which are carried at fair value) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of an asset's net selling price and its value-in-use (i.e. the net present value of its future cash flows discounted at the Group's average pre-tax interest rate that reflects the borrowing costs and risk for the asset).

Inventories

Inventories, representing the cost of packing materials, are stated at the lower of cost and net realisable value.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets at fair value through profit and loss ("FVTPL") are stated at fair value, with any gains or losses arising on re-measurement recognised in the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

A – Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of interest rates. The Group uses interest rate swap contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors. The policy in respect of interest rates is to maintain a balance between flexibility and the hedging of interest rate risk.

Derivatives are initially recognised at fair value and are subsequently reviewed at each balance sheet date. The fair value of interest rate derivatives at the reporting date is determined by discounting the future cash flows using the forward curves at the reporting date and the credit risk inherent in the contract.

Changes in the fair value of derivative financial instruments are recognised in the statement of comprehensive income as they arise. The Group has not adopted hedge accounting.

B – Financial assets

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Significant accounting policies (continued)

B – Financial assets (continued)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Subsequent measurement and gains and losses

Financial assets at FVTPL – these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost – these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI – these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI – these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

C – Impairment of financial assets

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses ("ECLs"). When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full. Such assets have historically had immaterial levels of bad debt and consequently the Group has not recognised any impairment provision against them.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

D – Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amounts of these assets approximate to the fair value.

E – Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2. Significant accounting policies (continued)

E – Financial liabilities and equity (continued)

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Retirement benefit costs

Pension costs represent contributions payable to defined contribution schemes and are charged as an expense to the statement of comprehensive income as they fall due. The assets of the schemes are held separately from those of the Group.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. These are measured at fair value at the date of grant. The fair value determined at the grant date of the share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes model and excludes the effect of non-market based vesting conditions. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recovered in the statement of comprehensive income such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in the statement of comprehensive income for the year.

Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimate of fair value of Investment Properties and Investment Property under Construction (critical accounting estimate)

The Group's self storage centres and stores under development are valued using a discounted cash flow methodology which is based on projections of net operating income. The Group employs expert external valuers, CBRE, who report on the values of the Group's stores on an annual basis. The stores within the Armadillo Partnerships are valued by Jones Lang LaSalle. The principal assumptions underlying the estimation of the fair value are those related to: stabilised occupancy levels; expected future growth in storage rents; capitalisation rates; and discount rates. A more detailed explanation of the background and methodology adopted in the valuation of the Group's investment properties is set out in note 15 to the financial statements.

Judgement of business combinations

The Directors assess whether the acquisition of property through the purchase of a corporate vehicle should be accounted for as an asset purchase or a business combination. Where the acquired corporate vehicle is an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors, the transaction is accounted for as a business combination. Where there are no such significant items, the transaction is treated as an asset purchase. The Directors assess when the risks and rewards associated with an acquisition or disposal have transferred. There have been no business combinations in the year.

3. Revenue

Analysis of the Group's operating revenue can be found below and in the Portfolio Summary on page 30.

	2021 £000	2020 £000
Open stores		
Self storage income	**113,119**	107,293
Insurance income	**14,517**	13,432
Packing materials income	**2,771**	2,505
Other income from storage customers	**1,275**	1,434
Ancillary store rental income	**786**	710
	132,468	125,374
Other revenue		
Non-storage income	**1,420**	1,706
Management fees earned	**1,353**	2,233
Total revenue	**135,241**	129,313

Non-storage income derives principally from rental income earned from tenants of properties awaiting development.

4. Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. Given the nature of the Group's business, there is one segment, which is the provision of self storage and related services.

Revenue represents amounts derived from the provision of self storage and related services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax. The Group's net assets, revenue and profit before tax are attributable to one activity, the provision of self storage and related services. These all arise in the United Kingdom in the current year and prior year.

5. Profit for the year

a) Profit for the year has been arrived at after charging/(crediting):

	Note	2021 £000	2020 £000
Depreciation of plant, equipment, and owner-occupied property	14b	**803**	783
Depreciation of interest in leasehold properties		**1,272**	1,198
Gain on the revaluation of investment property		**(189,277)**	(23,193)
Profit on disposal of investment property		**–**	(57)
Cost of inventories recognised as an expense		**1,189**	1,021
Employee costs (see note 6)		**19,769**	17,292
Operating lease rentals		**4**	5

5. Profit for the year (continued)

b) Analysis of auditor's remuneration:

	2021 £000	2020 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**227**	223
Fess payable to the Company's auditor for the subsidiaries' annual accounts	**36**	33
Total audit fees	**263**	256
Audit related assurance services – interim review	**42**	35
Total non-audit fees	**42**	35

Fees payable to KPMG LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis. Fees charged by KPMG LLP to the Group's associates, Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited in the year amounted to £80,000 (2020: £67,000) which all related to statutory financial statement audit services.

6. Employee costs

The average monthly number of full-time equivalent employees (including Executive Directors) was:

	2021 Number	2020 Number
Sales	**310**	304
Administration	**60**	57
	370	361

At 31 March 2021 the total number of Group employees was 412 (2020: 405).

	2021 £000	2020 £000
Their aggregate remuneration comprised:		
Wages and salaries	**13,935**	12,741
Social security costs	**2,291**	1,681
Other pension costs	**674**	614
Share-based payments	**2,869**	2,256
	19,769	17,292

Details of Directors' Remuneration is given on pages 90 to 111. The Directors are the only employees assessed as key management personnel.

7. Investment income

	2021 £000	2020 £000
Bank interest receivable	**26**	33
Unwinding of discount on Capital Goods Scheme receivable	**43**	81
Total investment income	**69**	114

8. Finance costs

	2021 £000	2020 £000
Interest on bank borrowings	**9,380**	10,579
Capitalised interest	**(2,135)**	(1,556)
Interest on obligations under lease liabilities	**772**	820
Total interest payable	**8,017**	9,843
Fair value movement on derivatives	**148**	908
Total finance costs	**8,165**	10,751

9. Taxation

The Group converted to a REIT in January 2007. As a result, the Group does not pay UK corporation tax on the profits and gains from its qualifying rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains of the Group are subject to corporation tax as normal. The Group monitors its compliance with the REIT conditions. There have been no breaches of the conditions to date.

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. In the March 2021 Budget 2021 it was announced that the main rate of corporation tax was going to increase to 25% from 1 April 2023, but this was not substantively enacted by 31 March 2021. Any deferred tax at 31 March 2021 has been calculated at 19% (2020: 19%).

UK current tax	2021 £000	2020 £000
– Current year	**798**	940
– Prior year	**(162)**	(69)
	636	871

9. Taxation (continued)

A reconciliation of the tax charge is shown below:

	2021 £000	2020 £000
Profit before tax	**265,822**	93,447
Tax charge at 19% (2020 – 19%) thereon	**50,506**	17,755
Effects of:		
Revaluation of investment properties	**(35,963)**	(4,407)
Share of profit of associates	**(598)**	(163)
Other permanent differences	**(1,921)**	(2,262)
Profits from the tax-exempt business	**(11,226)**	(9,983)
Current year tax charge	**798**	940
Prior year adjustment	**(162)**	(69)
Total tax charge	**636**	871

At 31 March 2021 the Group has unutilised tax losses from the non-REIT taxable business of £34.2 million (2020: £34.2 million) available for offset against certain types of future taxable profits. All losses can be carried forward indefinitely.

10. Adjusted profit

		2021 £000	2020 £000
Profit before tax		**265,822**	93,447
Gain on revaluation of investment properties	– Group	**(189,277)**	(23,193)
	– in associate (net of deferred tax)	**(2,074)**	(100)
Change in fair value of interest rate derivatives	– Group	**148**	908
	– in associate	**6**	(7)
Gain on disposal of investment property		**–**	(57)
Adjusted profit before tax		**74,625**	70,998
Tax		**(636)**	(871)
Adjusted profit after tax		**73,989**	70,127

Adjusted profit before tax which excludes gains and losses on the revaluation of investment properties, changes in fair value of interest rate derivatives and net gains and losses on disposal of investment property have been disclosed as, in the Board's view, this provides a clearer understanding of the Group's underlying trading performance.

11. Dividends

	2021 £000	2020 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2020 of 16.7p (2019: 16.5p) per share.	**29,124**	27,319
Interim dividend for the year ended 31 March 2021 of 17.0p (2020: 17.1p) per share.	**29,684**	28,387
	58,808	55,706
Proposed final dividend for the year ended 31 March 2021 of 17.0p (2020: 16.7p) per share.	**29,716**	29,124

Subject to approval by shareholders at the Annual General Meeting to be held on 22 July 2021, the final dividend will be paid on 30 July 2021. The ex-div date is 8 July 2021 and the record date is 9 July 2021.

The Property Income Distribution ("PID") payable for the year is 32.0 pence per share (2020: 30.6 pence per share).

12. Earnings per share

	Year ended 31 March 2021			Year ended 31 March 2020		
	Earnings £000	**Shares million**	**Pence per share**	Earnings £000	Shares million	Pence per share
Basic	**265,186**	**174.1**	**152.3**	92,576	165.8	55.8
Dilutive share options	**–**	**0.6**	**(0.5)**	–	0.7	(0.2)
Diluted	**265,186**	**174.7**	**151.8**	92,576	166.5	55.6
Adjustments:						
Gain on revaluation of investment properties	**(189,277)**	**–**	**(108.3)**	(23,193)	–	(13.9)
Change in fair value of interest rate derivatives	**148**	**–**	**0.1**	908	–	0.5
Gain on disposal of investment property	**–**	**–**	**–**	(57)	–	(0.0)
Share of associate fair value gains and losses	**(2,068)**	**–**	**(1.2)**	(107)	–	(0.1)
EPRA – diluted	**73,989**	**174.7**	**42.4**	70,127	166.5	42.1
EPRA – basic	**73,989**	**174.1**	**42.5**	70,127	165.8	42.3

The calculation of basic earnings is based on profit after tax for the year. The weighted average number of shares used to calculate diluted earnings per share has been adjusted for the conversion of share options.

EPRA earnings and earnings per ordinary share have been disclosed to give a clearer understanding of the Group's underlying trading performance.

13. Net assets per share

In October 2019, EPRA issued new Best Practices Recommendations guidelines for Net Asset Value (NAV) metrics, these recommendations are effective for accounting periods starting on 1 January 2020 and have been adopted by the Group this year.

EPRA have introduced three new NAV metrics: EPRA Net Tangible Assets (NTA), EPRA Net Reinstatement Value (NRV) and EPRA Net Disposal Value (NDV).

EPRA NTA is considered to be most consistent with the nature of Big Yellow's business which provides sustainable long-term progressive returns. EPRA NTA is shown in the table below. This measure is further adjusted by the adjustment the Group makes for purchaser's costs, which is the Group's Adjusted Net Asset Value (or Adjusted NAV).

Net assets per share are equity shareholders' funds divided by the number of shares at the year end. The shares currently held in the Group's Employee Benefit Trust are excluded from both net assets and the number of shares. Adjusted net assets per share include the effect of those shares issuable under employee share option schemes and the effect of alternative valuation methodology assumptions (see note 15).

	Year ended 31 March 2021			Year ended 31 March 2020		
	Equity attributable to ordinary shareholders £000	**Shares million**	**Pence per share**	Equity attributable to ordinary shareholders £000	Shares million	Pence per share
Basic NAV	**1,453,895**	**174,757,563**	**831.9**	1,163,876	166,015,620	701.1
Share and save as you earn schemes	**1,451**	**1,427,948**	**(5.9)**	1,262	1,371,985	(5.0)
Diluted NAV	**1,455,346**	**176,185,511**	**826.0**	1,165,138	167,387,605	696.1
Fair value of derivatives – Group	**475**	**–**	**0.3**	327	–	0.2
Fair value of derivatives – share of associate	**6**	**–**	**–**	–	–	–
Deferred tax in respect of valuation surpluses – associate	**1,818**	**–**	**1.0**	1,332	–	0.8
Intangible assets	**(1,433)**	**–**	**(0.8)**	(1,433)	–	(0.9)
EPRA NTA	**1,456,212**	**176,185,511**	**826.5**	1,165,364	167,387,605	696.2
Valuation methodology assumption (see note 15) (£000)	**110,393**	**–**	**62.7**	91,789	–	54.8
Adjusted NAV	**1,566,605**	**176,185,511**	**889.2**	1,257,153	167,387,605	751.0

14. Non-current assets

a) Investment property, investment property under construction and right-of-use assets

	Investment property £000	Investment property under construction £000	Right-of-use assets £000	Total £000
At 31 March 2019	1,354,430	91,115	18,774	1,464,319
Additions	9,860	56,859	253	66,972
Transfer on opening of stores	9,070	(9,070)	–	–
Revaluation (see note 15)	23,405	(212)	–	23,193
Disposals	(11,645)	(2,393)	–	(14,038)
Depreciation	–	–	(1,198)	(1,198)
At 31 March 2020	1,385,120	136,299	17,829	1,539,248
Additions	11,657	63,174	–	74,831
Transfer on opening of stores	36,070	(36,070)	–	–
Revaluation (see note 15)	189,143	134	–	189,277
Depreciation	–	–	(1,185)	(1,185)
At 31 March 2021	**1,621,990**	**163,537**	**16,644**	**1,802,171**

14. Non-current assets (continued)

a) Investment property, investment property under construction and right-of-use assets (continued)

The right-of-use assets represent the present value of minimum lease payments for leasehold properties – see note 21 for further details of the obligations under lease liabilities.

The income from self storage accommodation earned by the Group from its investment property is disclosed in note 3. Direct operating expenses, which are all applied to generating rental income, arising on the investment property in the year are disclosed in the Portfolio Summary on page 30. Included within additions is £2.1 million of capitalised interest (2020: £1.6 million), calculated at the Group's average borrowing cost for the year of 2.9%. 56 of the Group's investment properties are pledged as security for loans, with a total external value of £1,283.1 million.

The disposal in investment property in the prior year is the sale of the part of the Wyvern Industrial Estate in New Malden, London for £11.8 million. The disposal in investment property under construction is the sale of a plot of land in Slough for £2.4 million. The net profit on disposal of these two properties was £57,000.

b) Plant, equipment, and owner-occupied property

	Freehold property £000	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings & office equipment £000	Right of use assets £000	Total £000
Cost							
At 31 March 2019	2,235	74	672	32	918	–	3,931
Retirement of fully depreciated assets	–	(3)	(283)	–	(581)	–	(867)
Additions	40	6	101	–	833	–	980
Accounting policy change	–	–	–	–	–	872	872
At 31 March 2020	2,275	77	490	32	1,170	872	4,916
Retirement of fully depreciated assets	–	(18)	(167)	–	(602)	–	(787)
Additions	–	–	116	–	694	–	810
At 31 March 2021	**2,275**	**59**	**439**	**32**	**1,262**	**872**	**4,939**
Depreciation							
At 31 March 2019	(494)	(24)	(348)	(21)	(105)	–	(992)
Retirement of fully depreciated assets	–	3	283	–	581	–	867
Charge for the year	(42)	(5)	(115)	(7)	(508)	(106)	(783)
At 31 March 2020	(536)	(26)	(180)	(28)	(32)	(106)	(908)
Retirement of fully depreciated assets	–	18	167	–	602	–	787
Charge for the year	(57)	(4)	(116)	(4)	(622)	(105)	(908)
At 31 March 2021	**(593)**	**(12)**	**(129)**	**(32)**	**(52)**	**(211)**	**(1,029)**
Net book value							
At 31 March 2021	**1,682**	**47**	**310**	**–**	**1,210**	**661**	**3,910**
At 31 March 2020	1,739	51	310	4	1,138	766	4,008

14. Non-current assets (continued)

c) Intangible assets

The intangible asset relates to the Big Yellow brand, which was acquired through the acquisition of Big Yellow Self Storage Company Limited in 1999. The carrying value remains unchanged from the prior year as there is considered to be no impairment in the value of the asset. The asset has an indefinite life and is tested annually for impairment or more frequently if there are indicators of impairment.

d) Investment

During the year, the Group invested £450,000 in DS Operations Centre Limited, a company which provides out-of-hours monitoring and alarm receiving services, including for the Group's stores. The investment is carried at cost and tested annually for impairment.

e) Investment in associates

Armadillo

The Group has a 20% interest in Armadillo Storage Holding Company Limited ("Armadillo 1") and a 20% interest in Armadillo Storage Holding Company 2 Limited ("Armadillo 2"). Both interests are accounted for as associates, using the equity method of accounting. Both companies are incorporated, registered and operate in England and Wales. Their registered office is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT.

	Armadillo 1		Armadillo 2		Total	
	31 March 2021 £000	31 March 2020 £000	**31 March 2021 £000**	31 March 2020 £000	**31 March 2021 £000**	31 March 2020 £000
At the beginning of the year	**7,027**	6,804	**4,233**	4,249	**11,260**	11,053
Share of results (see below)	**2,013**	549	**1,135**	307	**3,148**	856
Dividends	**(342)**	(326)	**(346)**	(323)	**(688)**	(649)
Share of net assets	**8,698**	7,027	**5,022**	4,233	**13,720**	11,260

The Group's total subscription for partnership capital and advances in Armadillo 1 is £1,920,000 and £2,689,000 in Armadillo 2.

The investment properties owned by Armadillo 1 and Armadillo 2 have been valued at 31 March 2021 and 31 March 2020 by Jones Lang LaSalle.

14. Non-current assets (continued)

e) Investment in associates (continued)

The figures below show the trading results of the Armadillo Partnerships, and the Group's share of the results and the net assets of the Armadillo Partnerships.

	Armadillo 1		Armadillo 2	
	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000	**Year ended 31 March 2021 £000**	Year ended 31 March 2020 £000
Statement of comprehensive income (100%)				
Revenue	**11,338**	10,525	**6,664**	6,212
Cost of sales	**(5,967)**	(5,608)	**(2,953)**	(2,940)
Administrative expenses	**(345)**	(395)	**(161)**	(1,133)
Operating profit	**5,026**	4,522	**3,550**	2,139
Gain on the revaluation of investment properties	**8,565**	749	**4,235**	812
Net interest payable	**(1,177)**	(1,295)	**(752)**	(923)
Fair value movement of interest rate derivatives	**(18)**	4	**(11)**	32
Deferred and current tax	**(2,330)**	(1,236)	**(1,347)**	(520)
Profit attributable to shareholders	**10,066**	2,744	**5,675**	1,540
Dividends paid	**(1,708)**	(1,630)	**(1,730)**	(1,615)
Retained profit/(loss)	**8,358**	1,114	**3,945**	(75)
Balance sheet (100%)				
Investment property	**81,075**	70,825	**48,425**	43,825
Interest in leasehold properties	**2,750**	1,950	**2,219**	2,574
Other non-current assets	**1,204**	1,219	**2,004**	2,029
Current assets	**1,169**	3,621	**339**	3,100
Current liabilities	**(2,923)**	(35,122)	**(1,946)**	(24,583)
Derivative financial instruments	**(18)**	–	**(11)**	–
Non-current liabilities	**(39,767)**	(7,361)	**(25,918)**	(5,778)
Net assets (100%)	**43,490**	35,132	**25,112**	21,167
Group share				
Operating profit	**1,005**	904	**710**	428
Gain on the revaluation of investment properties	**1,713**	150	**847**	162
Net interest payable	**(235)**	(259)	**(150)**	(185)
Fair value movement of interest rate derivatives	**(4)**	1	**(2)**	6
Deferred and current tax	**(466)**	(247)	**(270)**	(104)
Profit attributable to shareholders	**2,013**	549	**1,135**	307
Dividends paid	**(342)**	(326)	**(346)**	(323)
Retained profit/(loss)	**1,671**	223	**789**	(16)
Associates' net assets	**8,698**	7,027	**5,022**	4,233

Included within administrative expenses in Armadillo 2 in the prior year is a performance fee payable to Big Yellow of £1 million.

The loans in Armadillo 1 and Armadillo 2 in the prior year were shown as due within one year, as their expiry at that balance sheet date was July 2020. Both loans were refinanced subsequent to the March 2020 year end through to April 2023.

15. Valuation of investment property

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
Freehold stores			
At 31 March 2020	672,842	679,868	1,352,710
Transfer from investment property under construction	36,885	(815)	36,070
Movement in year	11,394	190,716	202,110
At 31 March 2021	**721,121**	**869,769**	**1,590,890**
Leasehold stores			
At 31 March 2020	13,027	19,383	32,410
Movement in year	263	(1,573)	(1,310)
At 31 March 2021	**13,290**	**17,810**	**31,100**
Total of open stores			
At 31 March 2020	685,869	699,251	1,385,120
Transfer from investment property under construction	36,885	(815)	36,070
Movement in year	11,657	189,143	200,800
At 31 March 2021	**734,411**	**887,579**	**1,621,990**
Investment property under construction			
At 31 March 2020	136,303	(4)	136,299
Transfer to investment property	(36,885)	815	(36,070)
Movement in year	63,174	134	63,308
At 31 March 2021	**162,592**	**945**	**163,537**
Valuation of all investment property			
At 31 March 2020	822,172	699,247	1,521,419
Movement in year	74,831	189,277	264,108
At 31 March 2021	**897,003**	**888,524**	**1,785,527**

The Group has classified the fair value investment property and the investment property under construction within Level 3 of the fair value hierarchy. There has been no transfer to or from Level 3 in the year.

The wholly owned freehold and leasehold investment properties have been valued at 31 March 2021 by external valuers, CBRE Limited ("CBRE"). The Valuation has been prepared in accordance with the version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement ("the Red Book") current as at the valuation date. The valuation of each of the investment properties and the investment properties under construction has been prepared on the basis of either Fair Value or Fair Value as a fully equipped operational entity, having regard to trading potential, as appropriate.

The valuation has been provided for financial reporting purposes and as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, CBRE have confirmed that:

- this is CBRE's second annual valuation for these purposes on behalf of the Group;
- one of the members of the RICS who is a signatory to the valuation has provided valuation advice to the Group for the same purposes as this valuation on a regular basis since September 2004. This is the second occasion on which the other member has been a signatory;
- CBRE do not provide other significant professional or agency services to the Group;
- in relation to the preceding financial year of CBRE, the proportion of the total fees payable by the Group to the total fee income of the firm is less than 5%; and
- the fee payable to CBRE is a fixed amount per asset and is not contingent on the appraised value.

15. Valuation of investment property (continued)

Limited Comparable Market Evidence – Self Storage

The self storage properties have been valued on the basis of Fair Value as fully equipped operational entities, having regard to trading potential. Due to the specialised nature and use of the buildings the approach is to adopt a profits method of valuation and then consider the results in the context of recent comparable evidence of transactions in the sector.

The profits method requires an estimate of the future cashflow that can be generated from the use of the building as a self storage facility, assuming a reasonably efficient operator, and then applying a suitable multiple to the net operating profit. The comparison with recent transactions requires the evidence to be considered in terms of the multiple on net operating profit (or EBITDA/EBITDAR), value per square foot, yield profile etc and then adjusted to reflect differences in location, building factors, tenure, trading maturity and trading risk.

This mirrors the typical approach of purchasers in the self storage market. However, in view of the relatively limited availability of comparable market evidence this requires a degree of valuer judgment. In particular, most of the transactions have comprised share sales due to the nature of the asset class and the terms of those transactions have mostly been kept confidential between the parties.

Portfolio Premium

CBRE's valuation report confirms that the properties have been valued individually but that if the portfolio was to be sold as a single lot or in selected groups of properties, the total value could differ. CBRE state that in current market conditions they are of the view that there could be a portfolio premium.

Assumptions

A. Net operating income is based on projected revenue received less projected operating costs, which include a management fee to take account of central/head office costs. The initial net operating income is calculated by estimating the net operating income in the first 12 months following the valuation date.

B. The net operating income in future years is calculated assuming either straight-line absorption from day one actual occupancy or variable absorption over years one to five of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the 78 trading stores (both freeholds and leaseholds) open at 31 March 2021 averages 86.7% (31 March 2020: 75 stores averaging 84.4%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for the 78 stores to trade at their maturity levels is 8.7 months (31 March 2020: 21.5 months).

C. The capitalisation rates applied to existing and future net cash flow have been estimated by reference to underlying yields for asset types such as industrial, distribution and retail warehousing, yields for other trading property types such as student housing and hotels, bank base rates, ten-year money rates, inflation and the available evidence of transactions in the sector. The valuation included in the accounts assumes rental growth in future periods. If an assumption of no rental growth is applied to the external valuation, the net initial yield pre-administration expenses for the 78 stores is 5.90% (31 March 2020: 6.15%) rising to a stabilised net yield pre-administration expenses of 6.25% (31 March 2020: 6.78%). The weighted average exit capitalisation rate adopted (for both freeholds and leaseholds) is 5.70% (31 March 2020: 6.07%).

D. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) is 8.73% (31 March 2020: 9.29%).

E. Weighted average purchaser's costs of 6.752% have been adopted reflecting current progressive Stamp Duty Land Tax rates. Purchaser's costs (calculated on the same basis) plus sale costs of 1% have been adopted on the notional sales in the tenth year in relation to the freehold and long leasehold stores.

Short leasehold

The same methodology has been used as for freeholds, but the exit capitalisation rate is adjusted to reflect the unexpired lease term at exit. The average unexpired term of the Group's six short leasehold properties is 11.9 years (31 March 2020: 12.9 years unexpired).

15. Valuation of investment property (continued)

Sensitivities

As noted in 'Significant judgements and key estimates' on page 141, self storage valuations are complex, derived from data which is not widely publicly available and involve a degree of judgement. For these reasons we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13. Inputs to the valuations, some of which are 'unobservable' as defined by IFRS 13, include capitalisation yields, stable occupancy rates, and rental growth rates. The existence of an increase of more than one unobservable input would augment the impact on valuation. The impact on the valuation would be mitigated by the inter-relationship between unobservable inputs moving in opposite directions. For example, an increase in stable occupancy may be offset by an increase in yield, resulting in no net impact on the valuation. A sensitivity analysis showing the impact on valuations of changes in yields and stable occupancy is shown below:

	Impact of a change in capitalisation rates		Impact of a change in stabilised occupancy assumption	
	25 bps decrease	25 bps increase	1% increase	1% decrease
Reported Group	4.44%	(4.06%)	1.55%	(1.55%)

A sensitivity analysis has not been provided for a change in the rental growth rate adopted as there is a relationship between this measure and the discount rate adopted. So, in theory, an increase in the rental growth rate would give rise to a corresponding increase in the discount rate and the resulting value impact would be limited.

Investment properties under construction

CBRE have valued the stores in development adopting the same methodology as set out above but on the basis of the cash flow projection expected for the store at opening and after allowing for the outstanding costs to take each scheme from its current state to completion and full fit-out. CBRE have allowed for holding costs and construction contingency, as appropriate. Four of the schemes valued do not yet have planning consent and CBRE have reflected the planning risk in their valuation.

Immature stores: valuer judgement

CBRE have assessed the value of each property individually. However, three of the Group's stores are relatively immature and have low initial cash flows. CBRE have endeavoured to reflect the nature of the cash flow profile for these properties in their valuation, and the higher associated risks relating to the as yet unproven future cash flows, by adjustment to the capitalisation rates and discount rates adopted. Immature low cash flow stores of this nature are rarely, if ever, traded individually in the market, unless as part of a distressed sale or similar situation, although there have been transactions where immature low cash flow stores have been traded as part of a group or portfolio transaction. Please note CBRE's comments above in relation to limited comparable market evidence in the self storage sector. The degree of valuation judgement relating to the immature stores is greater than in relation to the balance of the properties due to there being even less market evidence that might be available for more mature properties and portfolios. CBRE state that in practice, if an actual sale of the properties were to be contemplated then any immature low cash flow stores would normally be presented to the market for sale lotted or grouped with other more mature assets owned by the same entity, in order to alleviate the issue of negative or low short-term cash flow. This approach would enhance the marketability of the group of assets and assist in achieving the best price available in the market by diluting the cash flow risk.

CBRE have not adjusted their opinion of Fair Value to reflect such a grouping of the immature assets with other properties in the portfolio and all stores have been valued individually. However, they highlight the matter to alert the Group to the manner in which the properties might be grouped or lotted in order to maximise their attractiveness to the marketplace. CBRE consider this approach to be a valuation assumption but not a Special Assumption, the latter being an assumption that assumes facts that differ from the actual facts existing at the valuation date and which, if not adopted, could produce a material difference in value. As noted above, CBRE have not assumed that the entire portfolio of properties owned by the entity would be sold as a single lot and the value for the whole portfolio in the context of a sale as a single lot may differ significantly from the aggregate of the individual values for each property in the portfolio, reflecting the lotting assumption described above.

15. Valuation of investment property (continued)

Valuation assumption for purchaser's costs

The Group's investment property assets have been valued for the purposes of the financial statements after deducting notional weighted average purchaser's cost of 6.752% on the net value, as if they were sold directly as property assets. The valuation is an asset valuation which is entirely linked to the operating performance of the business. The assets would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be very difficult to achieve except in a corporate structure. This approach follows the logic of the valuation methodology in that the valuation is based on a capitalisation of the net operating income after allowing a deduction for operational cost and an allowance for central administration costs. Sale in a corporate structure would result in a reduction in the assumed Stamp Duty Land Tax but an increase in other transaction costs reflecting additional due diligence resulting in a reduced notional purchaser's cost of 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. The Group therefore instructed CBRE to carry out an additional valuation on the above basis, and this results in a higher property valuation at 31 March 2021 of £1,895.0 million (£109.4 million higher than the value recorded in the financial statements). Under the revised valuation of purchaser's costs of 2.75%, the total valuations in the two Armadillo Partnerships performed by Jones Lang LaSalle are £4.9 million higher than the value recorded in the financial statements, of which the Group's share is £1.0 million. The sum of these is £110.4 million and translates to 62.7 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 13).

16. Trade and other receivables

	31 March 2021 £000	31 March 2020 £000
Current		
Trade receivables	**3,562**	4,399
Capital Goods Scheme receivable	**525**	722
Other receivables	**1,474**	602
Prepayments and accrued income	**2,203**	2,159
	7,764	7,882
Non-current		
Capital Goods Scheme receivable	**163**	660

Trade receivables are net of a bad debt provision of £223,000 (2020: £176,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Financial Review contains commentary on the Capital Goods Scheme receivable.

Trade receivables

The Group does not typically offer credit terms to its customers, requiring them to pay in advance of their storage period and hence the Group is not exposed to significant credit risk. A late charge of 10% is applied to a customer's account if they are more than 10 days overdue in their payment. The Group provides for receivables on a specific basis. There is a right of lien over the customers' goods, so if they have not paid within a certain time frame, we have the right to sell the items they store to recoup the debt owed. Trade receivables that are overdue are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

For individual storage customers, the Group does not perform credit checks, however this is mitigated by the fact that these customers are required to pay in advance, and also to pay a deposit ranging from one week to four weeks' storage income. Before accepting a new business customer who wishes to use a number of the Group's stores, the Group uses an external credit rating to assess the potential customer's credit quality and defines credit limits by customer. There are no customers who represent more than 5% of the total balance of trade receivables.

Included in the Group's trade receivables balance are debtors with a carrying amount of £210,000 (2020: £379,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 25 days past due (2020: 16 days past due).

16. Trade and other receivables (continued)

Ageing of past due but not impaired receivables

	2021 £000	2020 £000
1 – 30 days	**163**	200
31 – 60 days	**15**	45
60 + days	**32**	134
Total	**210**	379

Movement in the allowance for doubtful debts

	2021 £000	2020 £000
Balance at the beginning of the year	**176**	30
Amounts provided in year	**239**	368
Amounts written off as uncollectible	**(192)**	(222)
Balance at the end of the year	**223**	176

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Ageing of impaired trade receivables

	2021 £000	2020 £000
1 – 30 days	**–**	1
30 – 60 days	**8**	45
60 + days	**215**	130
Total	**223**	176

17. Trade and other payables

	31 March 2021 £000	31 March 2020 £000
Current		
Trade payables	**4,052**	4,748
Other payables	**8,036**	10,734
Accruals and deferred income	**22,475**	17,964
	34,563	33,446

The Group has financial risk management policies in place to ensure that all payables are paid within the credit terms. The Directors consider the carrying amount of trade and other payables and accruals and deferred income approximates fair value.

18. Financial instruments

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group's debt facilities require 40% of total drawn debt to be fixed. The Group has complied with this during the year.

With the exception of derivative instruments which are classified as a financial liability at fair value through the statement of comprehensive income ("FVOCI"), financial liabilities are categorised under amortised cost. All financial assets are categorised as fair value to profit and loss ("FVTPL").

Exposure to credit and interest rate risks arise in the normal course of the Group's business. Derivative financial instruments are used to manage exposure to fluctuations in interest rates but are not employed for speculative purposes.

A. Balance sheet management

The Group's Board reviews the capital structure on an ongoing basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Group seeks to have a conservative gearing ratio (the proportion of net debt to equity). The Board considers at each review the appropriateness of the current ratio in light of the above. The Board is currently satisfied with the Group's gearing ratio.

The gearing ratio at the year end is as follows:

	2021 £000	2020 £000
Debt	**(337,300)**	(402,028)
Cash and cash equivalents	**12,322**	51,418
Net debt	**(324,978)**	(350,610)
Balance sheet equity	**1,453,895**	1,163,876
Net debt to equity ratio	**22.4%**	30.1%

B. Debt management

The Group currently borrows through a senior term loan, secured on 26 self storage assets, a loan with Aviva Commercial Finance Limited secured on a portfolio of 15 self storage assets, and a £70 million loan from M&G Investments Limited secured on a portfolio of 15 self storage assets. Borrowings are arranged to ensure an appropriate maturity profile and to maintain short-term liquidity. Funding is arranged through banks and financial institutions with whom the Group has a strong working relationship.

C. Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

At 31 March 2021 the Group had two interest rate derivatives in place; £30 million fixed at 0.4% (excluding the margin on the underlying debt instrument) until October 2021, and £35 million fixed at 0.76% (excluding the margin on the underlying debt instrument) until June 2023.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The £30 million interest rate swap settles on a monthly basis. The floating rate on the interest rate swap is one month LIBOR. The Group settles the difference between the fixed and floating interest rate on a net basis.

The £35 million interest rate swap settles on a three-monthly basis. The floating rate on the interest rate swap is three month LIBOR. The Group settles the difference between the fixed and floating interest rate on a net basis.

18. Financial instruments (continued)

C. Interest rate risk management (continued)

The Group does not hedge account for its interest rate swaps and states them at fair value, with changes in fair value included in the statement of comprehensive income. A reconciliation of the movement in derivatives is provided in the table below:

	2021 £000	2020 £000
At 1 April	**(327)**	581
Fair value movement in the year	**(148)**	(908)
At 31 March	**(475)**	(327)

The table below reconciles the opening and closing balances of the Group's finance related liabilities for the current and prior year.

	Loans £000	**Obligations under lease liabilities £000**	**Interest rate derivatives £000**	**Total £000**
At 1 April 2020	(402,028)	(18,937)	(327)	(421,292)
Cash movement in the year	64,728	1,009	–	65,737
Fair value movement	–	–	(148)	(148)
At 31 March 2021	**(337,300)**	**(17,928)**	**(475)**	**(355,703)**

The difference between the loans balance above and the balance sheet is loan arrangement fees of £1,862,000.

	Loans £000	Obligations under lease liabilities £000	Interest rate derivatives £000	Total £000
At 1 April 2019	(337,625)	(19,899)	581	(356,943)
Cash movement in the year	(64,403)	962	–	(63,441)
Non-cash movement	–	–	(908)	(908)
At 31 March 2020	(402,028)	(18,937)	(327)	(421,292)

The difference between the loans balance above and the balance sheet is loan arrangement fees of £2,293,000

D. Interest rate sensitivity analysis

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings, without jeopardising its flexibility. Over the longer term, permanent changes in interest rates may have an impact on consolidated earnings.

At 31 March 2021, it is estimated that an increase of 0.25 percentage points in interest rates would have reduced the Group's adjusted profit before tax and net equity by £394,000 (2020: reduced adjusted profit before tax by £549,000) and a decrease of 0.25 percentage points in interest rates would have increased the Group's adjusted profit before tax and net equity by £394,000 (2020: increased adjusted profit before tax by £549,000). The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings, net of interest rate swaps, at the year end.

The Group's sensitivity to interest rates has reduced during the year, following the reduction in the amount of floating rate debt. The Board monitors closely the exposure to the floating rate element of our debt.

18. Financial instruments (continued)

E. Cash management and liquidity

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 19 is a description of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Short term money market deposits are used to manage liquidity whilst maximising the rate of return on cash resources, giving due consideration to risk.

F. Foreign currency management

The Group does not have any foreign currency exposure.

G. Credit risk

The credit risk management policies of the Group with respect to trade receivables are discussed in note 16. The Group has no significant concentration of credit risk, with exposure spread over 62,000 customers in our stores.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

H. Financial maturity analysis

In respect of interest-bearing financial liabilities, the following table provides a maturity analysis for individual elements.

2021 Maturity	**Total £000**	**Less than one year £000**	**One to two years £000**	**Two to five years £000**	**More than five years £000**
Debt					
Aviva loan	**114,800**	**2,865**	**3,008**	**9,959**	**98,968**
M&G loan payable at variable rate	**35,000**	**–**	**–**	**35,000**	**–**
M&G loan fixed by interest rate derivatives	**35,000**	**–**	**–**	**35,000**	**–**
Bank loan payable at variable rate	**122,500**	**–**	**–**	**122,500**	**–**
Debt fixed by interest rate derivatives	**30,000**	**–**	**–**	**30,000**	**–**
Total	**337,300**	**2,865**	**3,008**	**232,459**	**98,968**

2020 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Aviva loan	117,528	2,728	2,865	9,484	102,451
M&G loan payable at variable rate	35,000	–	–	35,000	–
M&G loan fixed by interest rate derivatives	35,000	–	–	35,000	–
Bank loan payable at variable rate	184,500	–	–	184,500	–
Debt fixed by interest rate derivatives	30,000	–	–	30,000	–
Total	402,028	2,728	2,865	293,984	102,451

18. Financial instruments (continued)

I. Fair values of financial instruments

The fair values of the Group's cash and short-term deposits and those of other financial assets equate to their book values. Details of the Group's receivables at amortised cost are set out in note 16. The amounts are presented net of provisions for doubtful receivables, and allowances for impairment are made where appropriate. Trade and other payables, including bank borrowings, are carried at amortised cost. Obligations under lease liabilities are included at the present value of their minimum lease payments. Derivatives are carried at fair value.

For those financial instruments held at valuation, the Group has categorised them into a three level fair value hierarchy based on the priority of the inputs to the valuation technique in accordance with IFRS 7. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. The fair value of the Group's outstanding interest rate derivatives, as detailed in note 18C, have been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 7. There are no financial instruments which have been categorised as Level 1 or Level 3. The fair value of the Group's debt equates to its book value.

J. Maturity analysis of financial liabilities

The contractual maturities based on market conditions and expected yield curves prevailing at the year end date are as follows:

2021	**Trade and other payables £000**	**Interest rate swaps £000**	**Borrowings and interest £000**	**Obligations under lease liabilities £000**	**Total £000**
From five to twenty years	**–**	**–**	**104,576**	**18,274**	**122,850**
From two to five years	**–**	**25**	**249,913**	**5,267**	**255,205**
From one to two years	**–**	**162**	**11,638**	**1,780**	**13,580**
Due after more than one year	**–**	**187**	**366,127**	**25,321**	**391,635**
Due within one year	**12,088**	**271**	**11,639**	**1,780**	**25,778**
Total	**12,088**	**458**	**377,766**	**27,101**	**417,413**

2020	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Obligations under lease liabilities £000	Total £000
From five to twenty years	–	–	111,440	19,979	131,419
From two to five years	–	154	319,004	5,342	324,500
From one to two years	–	178	12,746	1,780	14,704
Due after more than one year	–	332	443,190	27,101	470,623
Due within one year	15,482	176	12,746	1,780	30,184
Total	15,482	508	455,936	28,881	500,807

18. Financial instruments (continued)

K. Reconciliation of maturity analyses

The maturity analysis in note 18J shows non-discounted cash flows for all financial liabilities including interest payments. The table below reconciles the borrowings column in note 19 with the borrowings and interest column in the maturity analysis presented in note 18J.

2021	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	98,968	4,703	905	104,576
From two to five years	232,459	16,497	957	249,913
From one to two years	3,008	8,630	–	11,638
Due after more than one year	334,435	29,830	1,862	366,127
Due within one year	2,865	8,774	–	11,639
Total	**337,300**	**38,604**	**1,862**	**377,766**

2020	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	102,451	7,967	1,022	111,440
From two to five years	293,984	23,749	1,271	319,004
From one to two years	2,865	9,881	–	12,746
Due after more than one year	399,300	41,597	2,293	443,190
Due within one year	2,728	10,018	–	12,746
Total	402,028	51,615	2,293	455,936

19. Borrowings

Secured borrowings at amortised cost	31 March 2021 £000	31 March 2020 £000
Current liabilities		
Aviva loan	2,865	2,728
	2,865	2,728
Non-current liabilities		
Bank borrowings	152,500	214,500
Aviva loan	111,935	114,800
M&G loan	70,000	70,000
Unamortised loan arrangement costs	(1,862)	(2,293)
Total non-current borrowings	**332,573**	397,007
Total borrowings	**335,438**	399,735

19. Borrowings (continued)

The weighted average interest rate paid on the borrowings during the year was 2.9% (2020: 2.6%).

The Group has £87,500,000 in undrawn committed bank borrowing facilities at 31 March 2021, which expire after between three and four years (2020: £25,500,000 expiring after between four and five years).

The Group has a £100 million 15 year fixed rate loan with Aviva Commercial Finance Limited, expiring in April 2027. The loan is secured over a portfolio of 15 freehold self storage centres. The annual fixed interest rate on the loan is 4.9%. The loan amortises to £60 million over the course of the 15 years. The debt service is payable monthly based on fixed annual amounts. In March 2020, the Group agreed a new 7 year debt facility with Aviva of £35 million at an all-in cost of 1.96%, secured over the existing Aviva security pool of 15 stores. The all-in cost of this tranche of the loan reduced to 1.91% following the installation of 50 kWp capacity solar panels at three of the stores, which took place during the year. The total debt facilities from Aviva are now £114.8 million of which £19.8 million is amortising over the remaining seven years of the loan.

The Group has a secured £240 million five year revolving bank facility with Lloyds, HSBC and Bank of Ireland expiring in October 2024, with a margin of 1.25%. The Group has an option to increase the amount of the loan facility by a further £30 million during the course of the loan's term.

The Group has a £70 million seven year loan with M&G Investments Limited, with a bullet repayment in June 2023. The loan is secured over a portfolio of 15 freehold self storage centres. Half of the loan is variable, and half is subject to an interest rate derivative.

The movement in the Group's loans are shown net in the cash flow statement as the bank loan is a revolving facility and is repaid and redrawn each month.

The Group was in compliance with its banking covenants at 31 March 2021 and throughout the year. The main covenants are summarised in the table below:

Covenant	Covenant level	At 31 March 2021
Consolidated EBITDA	Minimum 1.5x	**8.9x**
Consolidated net tangible assets	Minimum £250m	**£1,454m**
Bank loan interest cover	Minimum 1.75x	**15.0x**
Aviva loan interest service cover ratio	Minimum 1.5x	**4.4x**
Aviva loan debt service cover ratio	Minimum 1.2x	**2.8x**
M&G interest cover	Minimum 1.5x	**9.6x**

Interest rate profile of financial liabilities

	Total £000	Floating rate £000	Fixed rate £000	Weighted average interest rate	Period for which the rate is fixed	Weighted average period until maturity
At 31 March 2021						
Gross financial liabilities	**337,300**	**157,500**	**179,800**	**2.6%**	**4.6 years**	**4.0 years**
At 31 March 2020						
Gross financial liabilities	402,028	219,500	182,528	2.5%	5.6 years	4.9 years

All monetary liabilities, including short-term receivables and payables are denominated in sterling. The weighted average interest rate includes the effect of the Group's interest rate derivatives. The Directors have concluded that the carrying value of borrowings approximates to its fair value.

Narrative disclosures on the Group's policy for financial instruments are included within the Strategic Report and in note 18.

20. Deferred tax

Deferred tax assets in respect of IFRS 2 (£0.1 million), corporation tax losses (£4.9 million), capital allowances in excess of depreciation (£0.2 million) and capital losses (£1.6 million) in respect of the non-REIT taxable business have not been recognised as it is not considered probable that sufficient taxable profits will arise in the relevant taxable entity.

21. Obligations under lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Amounts payable under lease liabilities:				
Within one year	**1,780**	1,780	**1,751**	1,751
Within two to five years inclusive	**7,047**	7,122	**6,208**	6,266
Greater than five years	**18,274**	19,979	**9,969**	10,920
	27,101	28,881	**17,928**	18,937
Less: future finance charges	**(9,173)**	(9,944)		
Present value of lease liabilities	**17,928**	18,937		

All obligations under lease liabilities are denominated in sterling. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The carrying amount of the Group's lease obligations approximates their fair value.

22. Share capital

	Called up, allotted, and fully paid	
	2021 £000	2020 £000
Ordinary shares of 10 pence each	**17,588**	16,714
Movement in issued share capital		
Number of shares at 31 March 2019		166,665,158
Exercise of share options – Share option schemes		473,369
Number of shares at 31 March 2020		167,138,527
Issue of shares – placing		8,335,043
Exercise of share options – Share option schemes		406,900
Number of shares at 31 March 2021		**175,880,470**

The Company has one class of ordinary shares which carry no right to fixed income.

22. Share capital (continued)

At 31 March 2021 options in issue to Directors and employees were as follows:

Date option Granted	Option price per ordinary share	Date first exercisable	Date on which the exercise period expires	**Number of ordinary shares 2021**	Number of ordinary shares 2020
29 July 2014	nil p**	29 July 2017	29 July 2024	**830**	830
21 July 2015	nil p**	21 July 2018	21 July 2025	**16,268**	19,879
22 July 2016	nil p**	22 July 2019	21 July 2026	**30,703**	58,674
15 March 2017	580.0p*	1 April 2020	1 October 2020	**–**	46,900
2 August 2017	nil p**	2 August 2020	2 August 2027	**68,034**	382,490
13 March 2018	675.4p*	1 April 2021	1 October 2021	**87,000**	90,063
24 July 2018	nil p**	24 July 2021	24 July 2028	**334,201**	343,868
11 March 2019	749.9p*	1 April 2022	1 October 2022	**48,124**	50,884
19 July 2019	nil p **	19 July 2022	19 July 2029	**362,730**	366,985
2 March 2020	947.0p	1 April 2023	1 October 2023	**51,889**	52,725
5 August 2020	nil p **	5 August 2023	5 August 2030	**410,767**	–
1 March 2021	903.2p *	1 April 2024	1 October 2024	**94,695**	–
				1,505,241	1,413,298

* SAYE (see note 23) ** LTIP (see note 23)

Own shares

The own shares reserve represents the cost of shares in Big Yellow Group PLC purchased in the market and held by the Big Yellow Group PLC Employee Benefit Trust, along with shares issued directly to the Employee Benefit Trust. 1,122,907 shares are held in the Employee Benefit Trust (2020: 1,122,907), and no shares are held in treasury.

23. Share-based payments

The Company has three equity share-based payment arrangements, namely an LTIP scheme (with approved and unapproved components), an Employee Share Save Scheme ("SAYE") and a Deferred Bonus Plan. The Group recognised a total expense in the year related to equity-settled share-based payment transactions of £2,869,000 (2020: £2,256,000).

Equity-settled share option plans

Since 2004 the Group has operated an Employee Share Save Scheme ("SAYE") which allows any employee who has more than six months service to purchase shares at a 20% discount to the average quoted market price of the Group shares at the date of grant. The associated savings contracts are three years at which point the employee can exercise their option to purchase the shares or take the amount saved, including interest, in cash. The scheme is administered by Yorkshire Building Society.

On an annual basis since 2004 the Group awarded nil-paid options to senior management under the Group's Long Term Incentive Plan ("LTIP"). The awards are conditional on the achievement of challenging performance targets as described on page 105 of the Remuneration Report. The awards granted in 2004, 2005 and 2006 vested in full. The awards granted in 2007 and 2009 lapsed, and the awards granted in 2008 and 2010 partially vested. The awards granted in 2011, 2012, 2013, 2014, 2015 and 2016 fully vested. The award granted in 2017 vested to 83.6% of its potential. The weighted average share price at the date of exercise for options exercised in the year was £10.64 (2020: £9.88).

23. Share-based payments (continued)

LTIP scheme	2021 No. of options	2020 No. of options
Outstanding at beginning of year	**1,172,726**	1,212,765
Granted during the year	**508,878**	457,058
Lapsed during the year	**(98,071)**	(62,097)
Exercised during the year	**(360,000)**	(435,000)
Outstanding at the end of the year	**1,223,533**	1,172,726
Exercisable at the end of the year	**131,787**	79,383

The weighted average fair value of options granted during the year was £1,512,000 (2020: £1,499,000).

Options outstanding at 31 March 2021 had a weighted average contractual life of 8.1 years (2020: 8.2 years).

Employee Share Save Scheme ("SAYE")	2021 No. of options	2021 Weighted average exercise price (£)	2020 No of options	2020 Weighted average exercise price (£)
Outstanding at beginning of year	**240,572**	**7.32**	242,849	6.63
Granted during the year	**94,695**	**9.03**	52,725	9.47
Forfeited during the year	**(6,659)**	**7.40**	(16,633)	6.89
Exercised during the year	**(46,900)**	**5.80**	(38,369)	6.08
Outstanding at the end of the year	**281,708**	**8.15**	240,572	7.32
Exercisable at the end of the year	**–**	**–**	–	–

Options outstanding at 31 March 2021 had a weighted average contractual life of 2.0 years (2020: 1.9 years).

The inputs into the Black-Scholes model for the options granted during the year are as follows:

	LTIP	SAYE
Expected volatility	n/a	35%
Expected life	3 years	3 years
Risk-free rate	0.7%	0.7%
Expected dividends	2.7%	4.7%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the year prior to grant.

Deferred bonus plan

The Executive Directors receive awards under the Deferred Bonus Plan. This is accounted for as an equity instrument. The plan was set up in July 2018. The vesting criteria and scheme mechanics are set out in the Directors' Remuneration Report.

24. Capital commitments

At 31 March 2021 the Group had £17.3 million of amounts contracted but not provided in respect of the Group's properties (2020: £10.0 million of capital commitments).

25. Events after the balance sheet date

On 23 April 2021 the Group exchanged contracts to acquire a site in Kentish Town for £16.5 million.

26. Cash flow notes

a) Reconciliation of profit after tax to cash generated from operations

	Note	2021 £000	2020 £000
Profit after tax		**265,186**	92,576
Taxation		**636**	871
Share of profit of associates		**(3,148)**	(856)
Investment income		**(69)**	(114)
Finance costs		**8,165**	10,751
Operating profit		**270,770**	103,228
Gain on the revaluation of investment properties	14a, 15	**(189,277)**	(23,193)
Gain on disposal of investment property		**–**	(57)
Depreciation of plant, equipment, and owner-occupied property	14b	**803**	677
Depreciation of lease liability capital obligations	14a, 14b	**1,290**	1,198
Employee share options	6	**2,869**	2,256
Cash generated from operations pre working capital movements		**86,455**	84,109
Decrease/(increase) in inventories		**46**	(130)
Decrease in receivables		**841**	564
(Decrease)/increase in payables		**(211)**	531
Cash generated from operations		**87,131**	85,074

b) Reconciliation of net cash flow movement to net debt

	Note	2021 £000	2020 £000
Net (decrease)/increase in cash and cash equivalents in the year		**(39,096)**	33,516
Cash flow from decrease/(increase) in debt financing		**64,728**	(64,403)
Change in net debt resulting from cash flows		**25,632**	(30,887)
Movement in net debt in the year		**25,632**	(30,887)
Net debt at the start of the year		**(350,610)**	(319,723)
Net debt at the end of the year	18A	**(324,978)**	(350,610)

27. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Armadillo Storage Holding Company Limited

As described in note 14, the Group has a 20% interest in Armadillo Storage Holding Company Limited ("Armadillo 1"), and entered into transactions with Armadillo 1 during the year on normal commercial terms as shown in the table below.

Transactions with Armadillo Storage Holding Company 2 Limited

As described in note 14, the Group has a 20% interest in Armadillo Storage Holding Company 2 Limited ("Armadillo 2"), and entered into transactions with Armadillo 2 during the year on normal commercial terms as shown in the table below.

	31 March 2021 £000	31 March 2020 £000
Fees earned from Armadillo 1	**977**	839
Fees earned from Armadillo 2	**376**	1,394
Balance due from Armadillo 1	**67**	51
Balance due from Armadillo 2	**27**	1,018

The balance due from Armadillo 2 in the prior year includes a performance fee of £1 million.

Directors' Remuneration

The remuneration of the Executive and Non-Executive Directors, who are the key management personnel of the Group, is set out below in aggregate. Further information on the remuneration of individual Directors is found in the audited part of the Directors' Remuneration Report on pages 90 to 111.

	31 March 2021 £000	31 March 2020 £000
Short term employee benefits	**1,636**	1,461
Post-employment benefits	**140**	132
Share-based payments	**2,800**	2,196
	4,576	3,789

AnyJunk Limited

Jim Gibson is a Non-Executive Director and shareholder in AnyJunk Limited and Adrian Lee is a shareholder in AnyJunk Limited. During the year AnyJunk Limited provided waste disposal services to the Group on normal commercial terms, amounting to £25,000 (2020: £37,000).

No other related party transactions took place during the years ended 31 March 2021 and 31 March 2020.

London Children's Ballet

The Group signed a Section 106 agreement signed with Wandsworth Council relating to the development of our Battersea store, which required the Group to provide free cultural space under a Social Agreement with the Council. In conjunction with this, subsequent to the year end, the Group granted a lease over this space to London Children's Ballet at a peppercorn rent. Jim Gibson is the Chairman of Trustees of the London Children's Ballet.

DS Operations Centre Limited

In December 2020, the Group invested £450,000 in DS Operations Centre Limited ("DSOC"). DSOC provided alarm and CCTV monitoring services to the Group under normal commercial terms during the year, amounting to £22,000 (2020: £nil).

Company Balance Sheet

Year ended 31 March 2021

	Note	2021 £000	2020 £000
Non-current assets			
Plant, equipment, and owner-occupied property	30a	**1,780**	1,875
Investment in subsidiary companies	30b	**27,960**	25,091
		29,740	26,966
Current assets			
Trade and other receivables	31	**533,352**	568,776
Derivative financial instruments		**–**	86
Cash and cash equivalents		**1**	1
		533,353	568,863
Total assets		**563,093**	595,829
Current liabilities			
Trade and other payables	32	**(9,457)**	(3,867)
Obligations under lease liabilities		**(29)**	(23)
		(9,486)	(3,890)
Non-current liabilities			
Derivative financial instruments		**(59)**	–
Obligations under lease liabilities		**(95)**	(123)
Bank borrowings		**(151,874)**	(213,708)
		(152,028)	(213,831)
Total liabilities		**(161,514)**	(217,721)
Net assets		**401,579**	378,108
Equity			
Share capital	22	**17,588**	16,714
Share premium account		**192,218**	112,320
Reserves	28	**191,773**	249,074
Equity shareholders' funds		**401,579**	378,108

The Company reported a loss for the financial year ended 31 March 2021 of £1.4 million (2020: loss of £1.3 million). The financial statements were approved by the Board of Directors and authorised for issue on 24 May 2021. They were signed on its behalf by:

Jim Gibson
Director

John Trotman
Director

Company Registration No. 03625199

The accompanying notes form part of the financial statements.

Company Statement of Changes in Equity

Year ended 31 March 2021

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2020	16,714	112,320	74,950	1,795	173,348	(1,019)	378,108
Total comprehensive loss for the year	–	–	–	–	(1,362)	–	(1,362)
Issue of share capital	874	79,898	–	–	–	–	80,772
Dividend	–	–	–	–	(58,808)	–	(58,808)
Credit to equity for equity-settled share-based payments	–	–	–	–	2,869	–	2,869
At 31 March 2021	**17,588**	**192,218**	**74,950**	**1,795**	**116,047**	**(1,019)**	**401,579**

The Company's share capital is disclosed in note 22.

The own shares balance represents amounts held by the Employee Benefit Trust (see note 22).

Year ended 31 March 2020

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2019	16,667	111,514	74,950	1,795	228,062	(1,019)	431,969
Total comprehensive income for the year	–	–	–	–	(1,264)	–	(1,264)
Issue of share capital	47	806	–	–	–	–	853
Dividend	–	–	–	–	(55,706)	–	(55,706)
Credit to equity for equity-settled share-based payments	–	–	–	–	2,256	–	2,256
At 31 March 2020	16,714	112,320	74,950	1,795	173,348	(1,019)	378,108

The accompanying notes form part of the financial statements.

28. Profit for the year

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the Company is not presented as part of these financial statements. The loss for the year attributable to equity shareholders dealt with in the financial statements of the Company was £1.4 million (2020: loss of £1.3 million).

29. Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for plant, equipment and owner-occupied property and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of group settled share-based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements have been prepared on the historic cost basis except that derivative financial instruments are stated at fair value. The Company's principal accounting policies are the same as those applied in the Group financial statements.

Going concern

See note 2 for the review of going concern for the Group and the Company.

Investment in subsidiaries

These are recognised at cost less provision for any impairment.

IFRIC 11, IFRS 2 Group and Treasury Share Transactions

The Company makes equity settled share-based payments to certain employees of certain subsidiary undertakings. Equity settled share-based payments that are made to the employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest. This is the only addition to investment in subsidiaries in the current year.

30. Non-current assets

a) Plant, equipment, and owner-occupied property

	Freehold property £000	Leasehold improvements £000	Fixtures, fittings & office equipment £000	IFRS 16 leases £000	Total £000
Cost					
At 31 March 2020	2,203	64	71	174	2,512
Additions	1	–	–	–	1
Retirement of fully depreciated assets	–	(18)	(59)	–	(77)
At 31 March 2021	**2,204**	**46**	**12**	**174**	**2,436**
Accumulated depreciation					
At 31 March 2020	(534)	(23)	(54)	(26)	(637)
Charge for the year	(58)	(1)	(11)	(26)	(96)
Retirement of fully depreciated assets	–	18	59	–	77
At 31 March 2021	**(592)**	**(6)**	**(6)**	**(52)**	**(656)**
Net book value					
At 31 March 2021	**1,612**	**40**	**6**	**122**	**1,780**
At 31 March 2020	1,669	41	17	148	1,875

b) Investments in subsidiary companies

	Investment in subsidiary undertakings £000
Cost	
At 31 March 2020	25,091
Additions	2,869
At 31 March 2021	**27,960**

The Directors assessed the carrying value of the investment in subsidiary undertaking for indicators of impairment. There were no indications of impairment.

30. Non-current assets (continued)

The Group's subsidiaries are all wholly-owned, the Group holds 100% of the voting power and the companies are incorporated, registered, and operate in England and Wales. The registered office of all subsidiaries is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT. All subsidiaries are included in the consolidated accounts. The subsidiaries at 31 March 2021 are listed below:

Name of subsidiary	Principal activity
.Big Yellow Self Storage (GP) Limited	General Partner
.Big Yellow Self Storage Company Limited	Self storage
Big Yellow (Battersea) Limited	Self storage
The Big Yellow Construction Company Limited	Construction management
The Big Yellow Holding Company Limited	Holding Company
Big Yellow Limited Partnership	Self storage
Big Yellow Nominee No. 1 Limited	Dormant
Big Yellow Nominee No. 2 Limited	Dormant
Big Yellow Self Storage Company 1 Limited	Dormant
Big Yellow Self Storage Company 2 Limited	Dormant
Big Yellow Self Storage Company 3 Limited	Dormant
Big Yellow Self Storage Company 4 Limited	Dormant
Big Yellow Self Storage Company 8 Limited	Self storage
Big Yellow Self Storage Company A Limited	Self storage
Big Yellow Self Storage Company M Limited	Self storage
Big Yellow (Wapping 2) Limited	Self storage
BYRCo Limited	Property management
BYSSCo A Limited	Dormant
BYSSCo Limited	Self storage
Kator Storage Limited	Self storage
The Last Mile Company Limited	Holding Company
Lock & Leave Limited	Self storage
Lock & Leave (Twickenham) Limited	Self storage

In addition, the Group has a 100% interest in Pramerica Bell Investment Trust Jersey, a trust registered in Jersey.

30. Non-current assets (continued)

Audit exemption statement

For its most recent year end the companies listed below were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members of these companies have not required them to obtain an audit of their financial statements for the year ended 31 March 2021.

Name of subsidiary	Principal activity
.Big Yellow Self Storage (GP) Limited	Big Yellow Self Storage Company 8 Limited
The Big Yellow Construction Company Limited	Big Yellow (Wapping 2) Limited
Big Yellow Holding Company Limited	BYRCo Limited
Big Yellow Nominee No. 1 Limited	BYSSCo Limited
Big Yellow Nominee No. 2 Limited	BYSSCo A Limited
Big Yellow Self Storage Company 1 Limited	Kator Storage Limited
Big Yellow Self Storage Company 2 Limited	The Last Mile Company Limited
Big Yellow Self Storage Company 3 Limited	Lock & Leave Limited
Big Yellow Self Storage Company 4 Limited	Lock and Leave (Twickenham) Limited

31. Trade and other receivables

	31 March 2021 £000	31 March 2020 £000
Amounts owed by Group undertakings	**533,228**	568,636
Prepayments and accrued income	**124**	140
	533,352	568,776

Amounts owed by Group undertakings are unsecured and are repayable on demand. The Company recharges its external interest cost to its subsidiaries. Amounts owed by Group undertakings have historically had immaterial levels of bad debt and consequently the Company has not recognised any impairment provision against them.

32. Trade and other payables

	31 March 2021 £000	31 March 2020 £000
Current (all due within one year)		
Other payables	**9,245**	3,774
Accruals and deferred income	**212**	93
	9,457	3,867

33. Glossary

Adjusted earnings growth	The increase in adjusted eps year-on-year.
Adjusted eps	Adjusted profit after tax divided by the diluted weighted average number of shares in issue during the financial year.
Adjusted NAV	EPRA NAV adjusted for an investment property valuation carried out at purchasers' costs of 2.75%, see note 13.
Adjusted Profit Before Tax	The Company's pre-tax EPRA earnings measure with additional Company adjustments, see note 10.
Average net achieved rent per sq ft	Storage revenue divided by average occupied space over the financial year.
Average rental growth	The growth in average net achieved rent per sq ft year-on-year.
BREEAM	An environmental rating assessed under the Building Research Establishment's Environmental Assessment Method.
Carbon intensity	Carbon emissions divided by the Group's average occupied space.
Closing net rent per sq ft	Annual storage revenue generated from in-place customers divided by occupied space at the balance sheet date.
Committed facilities	Available undrawn debt facilities plus cash and cash equivalents.
Debt	Long-term and short-term borrowings, as detailed in note 19, excluding lease liabilities and debt issue costs.
Earnings per share (eps)	Profit for the financial year attributable to equity shareholders divided by the average number of shares in issue during the financial year.
EBITDA	Earnings before interest, tax, depreciation, and amortisation.
EPRA	The European Public Real Estate Association, a real estate industry body. This organisation has issued Best Practice Recommendations with the intention of improving the transparency, comparability, and relevance of the published results of listed real estate companies in Europe.
EPRA earnings	The IFRS profit after taxation attributable to shareholders of the Company excluding investment property revaluations, gains/losses on investment property disposals and changes in the fair value of financial instruments.
EPRA earnings per share	EPRA earnings divided by the average number of shares in issue during the financial year, see note 12.
EPRA NTA per share	EPRA NTA divided by the diluted number of shares at the year end.
EPRA net tangible asset value (EPRA NTA)	IFRS net assets excluding the mark-to-market on interest rate derivatives, deferred taxation on property valuations where it arises, and intangible assets. It is adjusted for the dilutive impact of share options.
Equity	All capital and reserves of the Group attributable to equity holders of the Company.
Gross property assets	The sum of investment property and investment property under construction.
Gross value added	The measure of the value of goods and services produced in an area, industry, or sector of an economy.
Interest cover	The ratio of operating cash flow divided by interest paid (before exceptional finance costs, capitalised interest, and changes in fair value of interest rate derivatives). This metric is provided to give readers a clear view of the Group's financial position.
Like-for-like occupancy	Excludes the closing occupancy of new stores acquired, opened, or closed in the current financial year in both the current financial year and comparative figures. In 2021 this excludes Camberwell, Bracknell, and Battersea (which opened in July 2020, September 2020 and November 2020 respectively).

33. Glossary (continued)

Like-for-like revenue	Excludes the impact of new stores acquired, opened or stores closed in the current or preceding financial year in both the current year and comparative figures. This excludes Manchester (opened May 2019), Camberwell (opened July 2020), Bracknell (opened September 2020) and Battersea (opened November 2020).
LTV (loan to value)	Net debt expressed as a percentage of the external valuation of the Group's investment properties.
Maximum lettable area (MLA)	The total square foot (sq ft) available to rent to customers.
Move-ins	The number of customers taking a storage room in the defined period.
Move-outs	The number of customers vacating a storage room in the defined period.
NAV	Net asset value.
Net debt	Gross borrowings less cash and cash equivalents.
Net initial yield	The forthcoming year's net operating income expressed as a percentage of capital value, after adding notional purchaser's costs.
Net operating income on stabilisation	The projected net operating income delivered by a store when it reaches a stable level of occupancy.
Net promoter score (NPS)	The Net Promoter Score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. The Company measures NPS based on surveys sent to all its move-ins and move-outs.
Net rent per sq ft	Storage revenue generated from in place customers divided by occupancy.
Occupancy	The space occupied by customers divided by the MLA expressed as a %.
Occupied space	The space occupied by customers in sq ft.
Other storage related income	Packing materials, insurance, and other storage related fees.
Pipeline	The Group's development sites.
Property Income Distribution (PID)	A dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax-exempt property rental business, and which is taxable for UK-resident shareholders at their marginal tax rate.
REGO	Renewable Energy Guarantees of Origin
REIT	Real Estate Investment Trust. A tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain conditions.
REVPAF	Total store revenue divided by the average maximum lettable area in the period.
Store EBITDA	Store earnings before interest, tax, depreciation, and amortisation, see reconciliation in the portfolio summary.
TCFD	Task Force on Climate Related Financial Disclosure
Total shareholder return (TSR)	The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional units of shares.

Ten Year Summary

Year ended 31 March 2021

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
Results										
Revenue	**135,241**	129,313	125,414	116,660	109,070	101,382	84,276	72,196	69,671	65,663
Operating profit before gains and losses on property assets	**81,493**	79,978	76,662	70,921	65,316	59,854	48,420	39,537	37,454	35,079
Cash flow from operating activities	**76,712**	73,615	72,173	62,977	55,974	55,467	42,397	32,752	30,186	27,388
Profit/(loss) before taxation	**265,822**	93,447	126,855	134,139	99,783	112,246	105,236	59,848	31,876	(35,551)
Adjusted profit before taxation	**74,625**	70,998	67,465	61,422	54,641	48,952	39,405	29,221	25,471	23,643
Net assets	**1,453,895**	1,163,876	1,123,897	981,148	890,350	829,387	750,914	594,064	552,628	494,500
Diluted EPRA earnings per share	**42.4p**	42.1p	41.4p	38.5p	34.5p	31.1p	27.1p	20.5p	19.3p	18.2p
Declared total dividend per share	**34.0p**	33.8p	33.2p	30.8p	27.6p	24.9p	21.7p	16.4p	11.0p	10.0p
Key statistics										
Number of stores open	**78**	75	74	74	73	71	69	66	66	65
Sq ft occupied (000)	**4,201**	3,781	3,810	3,730	3,551	3,363	3,178	2,832	2,632	2,458
Occupancy increase/(decrease) in year (000 sq ft)*	**420**	(29)	80	179	188	185	346	200	174	328
Closing net rent per sq ft **	**£28.71**	£28.15	£27.28	£26.74	£26.03	£25,90	£25.23	£24.85	£24.65	£26.49
Number of customers	**62,000**	56,500	56,000	55,000	52,500	50,000	47,250	41,800	38,500	36,300
Average number of employees during the year	**370**	361	347	335	329	318	300	289	286	279

* – the occupancy growth in 2015 and 2017 includes the acquisition of existing stores

** – closing net rent per sq ft fell from 2012 to 2013 following the imposition of VAT on self storage on 1 October 2012.

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