

## Financial Statements

# Consolidated Statement of Comprehensive Income

Year ended 31 March 2021

	Note	2021 £000	2020 £000
<b>Revenue</b>	3	<b>135,241</b>	129,313
Cost of sales		<b>(41,589)</b>	(38,873)
<b>Gross profit</b>		<b>93,652</b>	90,440
Administrative expenses		<b>(12,159)</b>	(10,462)
<b>Operating profit before gains on property assets</b>		<b>81,493</b>	79,978
Gain on the revaluation of investment properties	14a,15	<b>189,277</b>	23,193
Gain on disposal of investment property	14a	<b>–</b>	57
<b>Operating profit</b>		<b>270,770</b>	103,228
Share of profit of associates	14e	<b>3,148</b>	856
Investment income – interest receivable	7	<b>69</b>	114
Finance costs – interest payable	8	<b>(8,017)</b>	(9,843)
– fair value movement on derivatives	8	<b>(148)</b>	(908)
<b>Profit before taxation</b>		<b>265,822</b>	93,447
Taxation	9	<b>(636)</b>	(871)
<b>Profit for the year (attributable to equity shareholders)</b>	5	<b>265,186</b>	92,576
<b>Total comprehensive income for the year (attributable to equity shareholders)</b>		<b>265,186</b>	92,576
<b>Basic earnings per share</b>	12	<b>152.3p</b>	55.8p
<b>Diluted earnings per share</b>	12	<b>151.8p</b>	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
<b>Non-current assets</b>			
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
		<b>1,821,847</b>	1,556,609
<b>Current assets</b>			
Inventories		366	412
Trade and other receivables	16	7,764	7,882
Cash and cash equivalents		12,322	51,418
		<b>20,452</b>	59,712
<b>Total assets</b>		<b>1,842,299</b>	1,616,321
<b>Current liabilities</b>			
Trade and other payables	17	(34,563)	(33,446)
Borrowings	19	(2,865)	(2,728)
Obligations under lease liabilities	21	(1,751)	(1,751)
		<b>(39,179)</b>	(37,925)
<b>Non-current liabilities</b>			
Derivative financial instruments	18c	(475)	(327)
Borrowings	19	(332,573)	(397,007)
Obligations under lease liabilities	21	(16,177)	(17,186)
		<b>(349,225)</b>	(414,520)
<b>Total liabilities</b>		<b>(388,404)</b>	(452,445)
<b>Net assets</b>		<b>1,453,895</b>	1,163,876
<b>Equity</b>			
Share capital	22	17,588	16,714
Share premium account		192,218	112,320
Reserves		1,244,089	1,034,842
<b>Equity shareholders' funds</b>		<b>1,453,895</b>	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**                      **John Trotman**  
Director                              Director

Company Registration No. 03625199

The accompanying notes form part of the financial statements.

## 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
<b>At 31 March 2021</b>	<b>17,588</b>	<b>192,218</b>	<b>74,950</b>	<b>1,795</b>	<b>1,168,363</b>	<b>(1,019)</b>	<b>1,453,895</b>

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
<b>Cash generated from operations</b>	26	<b>87,131</b>	85,074
Bank interest paid		<b>(8,850)</b>	(10,211)
Interest on obligations under lease liabilities		<b>(772)</b>	(820)
Interest received		<b>26</b>	33
Tax paid		<b>(823)</b>	(461)
<b>Cash flows from operating activities</b>		<b>76,712</b>	73,615
<b>Investing activities</b>			
Purchase of non-current assets		<b>(73,010)</b>	(63,748)
Proceeds on disposal of investment property		–	14,105
Investment	14d	<b>(450)</b>	–
Receipts from Capital Goods Scheme		<b>737</b>	1,226
Dividend received from associates	14e	<b>688</b>	649
<b>Cash flows from investing activities</b>		<b>(72,035)</b>	(47,768)
<b>Financing activities</b>			
Issue of share capital		<b>80,772</b>	853
Payment of lease liabilities		<b>(1,009)</b>	(962)
Equity dividends paid	11	<b>(58,808)</b>	(55,706)
Loan arrangement fees paid		–	(919)
Drawing of new Aviva loan		–	35,000
(Decrease)/increase in borrowings		<b>(64,728)</b>	29,403
<b>Cash flows from financing activities</b>		<b>(43,773)</b>	7,669
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(39,096)</b>	33,516
<b>Opening cash and cash equivalents</b>		<b>51,418</b>	17,902
<b>Closing cash and cash equivalents</b>		<b>12,322</b>	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 an 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.

# Notes to the Financial Statements

## 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.

# Notes to the Financial Statements

## 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.

# Notes to the Financial Statements

## 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.

# Notes to the Financial Statements

## 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
<b>Open stores</b>		
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
	<b>132,468</b>	125,374
<b>Other revenue</b>		
Non-storage income	1,420	1,706
Management fees earned	1,353	2,233
<b>Total revenue</b>	<b>135,241</b>	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
Fees 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.

## Notes to the Financial Statements

### 7. Investment income

	2021 £000	2020 £000
Bank interest receivable	26	33
Unwinding of discount on Capital Goods Scheme receivable	43	81
<b>Total investment income</b>	<b>69</b>	<b>114</b>

### 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
<b>Total interest payable</b>	<b>8,017</b>	<b>9,843</b>
Fair value movement on derivatives	148	908
<b>Total finance costs</b>	<b>8,165</b>	<b>10,751</b>

### 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]
	<b>636</b>	<b>871</b>

## 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
<b>Effects of:</b>		
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)
<b>Current year tax charge</b>	<b>798</b>	<b>940</b>
Prior year adjustment	(162)	(69)
<b>Total tax charge</b>	<b>636</b>	<b>871</b>

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)
<b>Adjusted profit before tax</b>	<b>74,625</b>	<b>70,998</b>
Tax	(636)	(871)
<b>Adjusted profit after tax</b>	<b>73,989</b>	<b>70,127</b>

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.

# Notes to the Financial Statements

## 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
	<b>58,808</b>	55,706
Proposed final dividend for the year ended 31 March 2021 of 17.0p (2020: 16.7p) per share.	<b>29,716</b>	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
<b>At 31 March 2019</b>	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)
<b>At 31 March 2020</b>	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)
<b>At 31 March 2021</b>	<b>1,621,990</b>	<b>163,537</b>	<b>16,644</b>	<b>1,802,171</b>

# Notes to the Financial Statements

## 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
<b>Cost</b>							
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	<b>2,275</b>	<b>59</b>	<b>439</b>	<b>32</b>	<b>1,262</b>	<b>872</b>	<b>4,939</b>
<b>Depreciation</b>							
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	<b>(593)</b>	<b>(12)</b>	<b>(129)</b>	<b>(32)</b>	<b>(52)</b>	<b>(211)</b>	<b>(1,029)</b>
<b>Net book value</b>							
At 31 March 2021	<b>1,682</b>	<b>47</b>	<b>310</b>	<b>–</b>	<b>1,210</b>	<b>661</b>	<b>3,910</b>
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)
<b>Share of net assets</b>	<b>8,698</b>	<b>7,027</b>	<b>5,022</b>	<b>4,233</b>	<b>13,720</b>	<b>11,260</b>

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.

# Notes to the Financial Statements

## 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
<b>Statement of comprehensive income (100%)</b>				
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)
<b>Balance sheet (100%)</b>				
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)
<b>Net assets (100%)</b>	<b>43,490</b>	<b>35,132</b>	<b>25,112</b>	<b>21,167</b>
<b>Group share</b>				
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
<b>Freehold stores</b>			
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
<b>At 31 March 2021</b>	<b>721,121</b>	<b>869,769</b>	<b>1,590,890</b>
<b>Leasehold stores</b>			
At 31 March 2020	13,027	19,383	32,410
Movement in year	263	(1,573)	(1,310)
<b>At 31 March 2021</b>	<b>13,290</b>	<b>17,810</b>	<b>31,100</b>
<b>Total of open stores</b>			
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
<b>At 31 March 2021</b>	<b>734,411</b>	<b>887,579</b>	<b>1,621,990</b>
<b>Investment property under construction</b>			
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
<b>At 31 March 2021</b>	<b>162,592</b>	<b>945</b>	<b>163,537</b>
<b>Valuation of all investment property</b>			
At 31 March 2020	822,172	699,247	1,521,419
Movement in year	74,831	189,277	264,108
<b>At 31 March 2021</b>	<b>897,003</b>	<b>888,524</b>	<b>1,785,527</b>

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.

# Notes to the Financial Statements

## 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.

# Notes to the Financial Statements

## 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
<b>Current</b>		
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
	<b>7,764</b>	7,882
<b>Non-current</b>		
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
<b>Current</b>		
Trade payables	4,052	4,748
Other payables	8,036	10,734
Accruals and deferred income	22,475	17,964
	<b>34,563</b>	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.

# Notes to the Financial Statements

## 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)
<b>At 31 March 2021</b>	<b>(337,300)</b>	<b>(17,928)</b>	<b>(475)</b>	<b>(355,703)</b>

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.

# Notes to the Financial Statements

## 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
<b>Debt</b>					
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	–
<b>Total</b>	<b>337,300</b>	<b>2,865</b>	<b>3,008</b>	<b>232,459</b>	<b>98,968</b>

2020 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
<b>Debt</b>					
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	–
<b>Total</b>	<b>402,028</b>	<b>2,728</b>	<b>2,865</b>	<b>293,984</b>	<b>102,451</b>

## 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:

	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Obligations under lease liabilities £000	Total £000
<b>2021</b>					
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
<b>Total</b>	<b>12,088</b>	<b>458</b>	<b>377,766</b>	<b>27,101</b>	<b>417,413</b>
<b>2020</b>					
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
<b>Total</b>	<b>15,482</b>	<b>508</b>	<b>455,936</b>	<b>28,881</b>	<b>500,807</b>

# Notes to the Financial Statements

## 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
<b>Total</b>	<b>337,300</b>	<b>38,604</b>	<b>1,862</b>	<b>377,766</b>

  

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
<b>Total</b>	<b>402,028</b>	<b>51,615</b>	<b>2,293</b>	<b>455,936</b>

## 19. Borrowings

Secured borrowings at amortised cost	31 March 2021 £000	31 March 2020 £000
<b>Current liabilities</b>		
Aviva loan	2,865	2,728
	2,865	2,728
<b>Non-current liabilities</b>		
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]
<b>Total non-current borrowings</b>	<b>332,573</b>	<b>397,007</b>
<b>Total borrowings</b>	<b>335,438</b>	<b>399,735</b>

## 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
<b>At 31 March 2021</b>						
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.

## Notes to the Financial Statements

### 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
<b>Amounts payable under lease liabilities:</b>				
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
	<b>27,101</b>	28,881	<b>17,928</b>	18,937
Less: future finance charges	(9,173)	(9,944)		
Present value of lease liabilities	<b>17,928</b>	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
<b>Ordinary shares of 10 pence each</b>	<b>17,588</b>	16,714
<b>Movement in issued share capital</b>		
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
<b>Number of shares at 31 March 2021</b>	<b>175,880,470</b>	

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	–
				<b>1,505,241</b>	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).

# Notes to the Financial Statements

## 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
<b>Operating profit</b>		<b>270,770</b>	<b>103,228</b>
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
<b>Cash generated from operations pre working capital movements</b>		<b>86,455</b>	<b>84,109</b>
Decrease/(increase) in inventories		46	(130)
Decrease in receivables		841	564
(Decrease)/increase in payables		(211)	531
<b>Cash generated from operations</b>		<b>87,131</b>	<b>85,074</b>

### 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)
<b>Movement in net debt in the year</b>		<b>25,632</b>	<b>(30,887)</b>
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)

# Notes to the Financial Statements

## 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
<b>Non-current assets</b>			
Plant, equipment, and owner-occupied property	30a	1,780	1,875
Investment in subsidiary companies	30b	27,960	25,091
		<b>29,740</b>	26,966
<b>Current assets</b>			
Trade and other receivables	31	533,352	568,776
Derivative financial instruments		–	86
Cash and cash equivalents		1	1
		<b>533,353</b>	568,863
<b>Total assets</b>		<b>563,093</b>	595,829
<b>Current liabilities</b>			
Trade and other payables	32	(9,457)	(3,867)
Obligations under lease liabilities		(29)	(23)
		<b>(9,486)</b>	(3,890)
<b>Non-current liabilities</b>			
Derivative financial instruments		(59)	–
Obligations under lease liabilities		(95)	(123)
Bank borrowings		(151,874)	(213,708)
		<b>(152,028)</b>	(213,831)
<b>Total liabilities</b>		<b>(161,514)</b>	(217,721)
<b>Net assets</b>		<b>401,579</b>	378,108
<b>Equity</b>			
Share capital	22	17,588	16,714
Share premium account		192,218	112,320
Reserves	28	191,773	249,074
<b>Equity shareholders' funds</b>		<b>401,579</b>	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
<b>At 31 March 2021</b>	<b>17,588</b>	<b>192,218</b>	<b>74,950</b>	<b>1,795</b>	<b>116,047</b>	<b>(1,019)</b>	<b>401,579</b>

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.

# Notes to 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.

# Notes to the Financial Statements

## 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
<b>Cost</b>					
At 31 March 2020	2,203	64	71	174	2,512
Additions	1	–	–	–	1
Retirement of fully depreciated assets	–	(18)	(59)	–	(77)
<b>At 31 March 2021</b>	<b>2,204</b>	<b>46</b>	<b>12</b>	<b>174</b>	<b>2,436</b>
<b>Accumulated depreciation</b>					
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
<b>At 31 March 2021</b>	<b>(592)</b>	<b>(6)</b>	<b>(6)</b>	<b>(52)</b>	<b>(656)</b>
<b>Net book value</b>					
<b>At 31 March 2021</b>	<b>1,612</b>	<b>40</b>	<b>6</b>	<b>122</b>	<b>1,780</b>
At 31 March 2020	1,669	41	17	148	1,875

### b) Investments in subsidiary companies

	Investment in subsidiary undertakings £000
<b>Cost</b>	
At 31 March 2020	25,091
Additions	2,869
<b>At 31 March 2021</b>	<b>27,960</b>

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.

# Notes to the Financial Statements

## 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
	<b>533,352</b>	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
<b>Current (all due within one year)</b>		
Other payables	9,245	3,774
Accruals and deferred income	212	93
	<b>9,457</b>	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).

# Notes to the Financial Statements

## 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.
TCCFD	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
<b>Results</b>										
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
<b>Key statistics</b>										
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.