

# CEO introduction

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

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

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

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

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

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



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

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

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

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

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

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

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

**Jim Gibson**  
Chief Executive Officer

24 May 2021

# Our key performance indicators

## KPIs

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

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

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

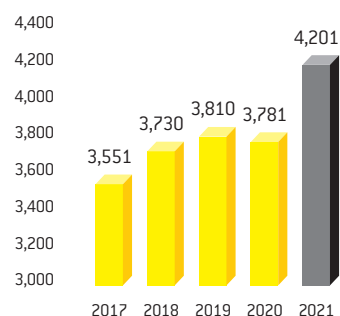
Our non-financial KPIs are the net promoter scores we receive from our customers and the carbon intensity of the Group's business. The Group's net promoter score received from its customers during the year was 82.9. This has increased by 8% over the past five years. We believe this overall score compares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

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

Closing occupancy  
(000 sq ft)

**+420,000 sq ft**

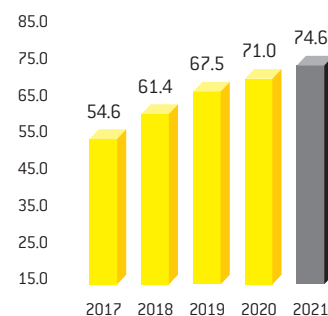
+650,000 sq ft over 5 years



Adjusted profit before tax  
(£m)

**+5.1%**

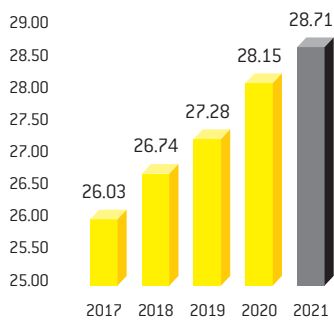
+36.6% over 5 years



Closing net rent per sq ft (£)

**+2.0%**

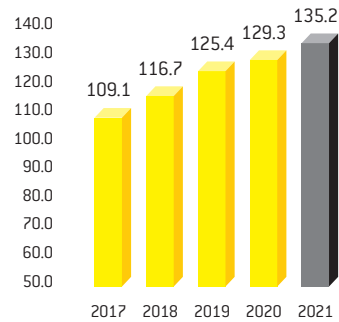
+10.3% over 5 years



Revenue (£m)

**+4.6%**

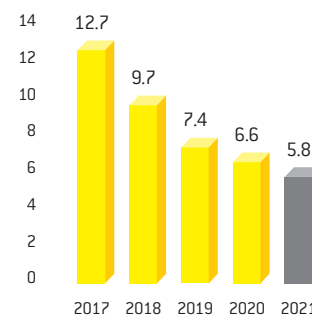
+23.9% over 5 years



Carbon intensity (per sq m)

**-12%**

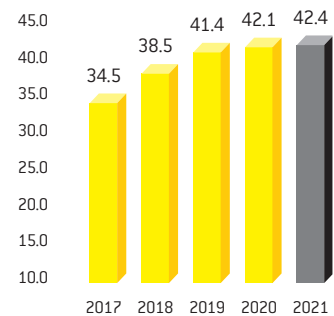
-54% over 5 years



Adjusted earnings per share (pence)

**+0.7%**

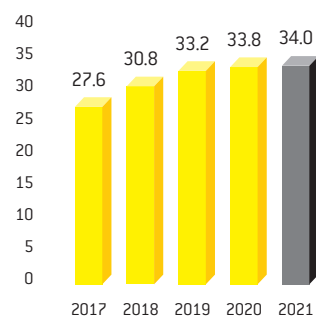
+22.9% over 5 years



Dividend per share (pence)

**+0.6%**

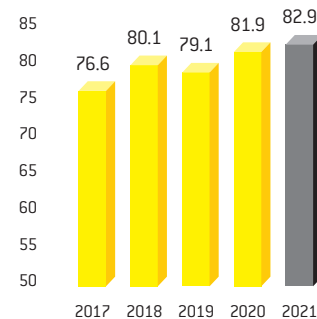
+23.2% over 5 years



Net Promoter Score

**+1.0 ppt**

+6.3 ppts over 5 years



# Strategic Report

## Store performance

### The store platform

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

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

### Activity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Pricing and net rent per sq ft

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

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

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

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

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

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

## Strategic Report

### Store performance (continued)

#### Development pipeline

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

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

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

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

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

#### Armadillo Self Storage

The Group has a 20% investment in Armadillo Self Storage, with the balance of 80% held by an Australian consortium. The Armadillo platform has 25 stores and 1.1 million sq ft of MLA. Armadillo is a lower-frills brand, with largely freehold conversions of existing buildings. They have an average capacity of 43,000 sq ft (lower than the 63,000 sq ft average for Big Yellow stores). Armadillo provides

operational advantages to the Group, such as a wider platform to sell to national customers, more opportunities for recruitment and promotion, and more efficient use of the Company's marketing and central overhead costs. Armadillo continues to look for opportunities in smaller towns and cities to add to its platform.

# Marketing and Operational Review

## Marketing and ecommerce

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

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

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

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

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

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

## Driving online traffic

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

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

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

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

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

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

# Strategic Report

## Marketing and Operational Review (continued)

### Online customer reviews and social media

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

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

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

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

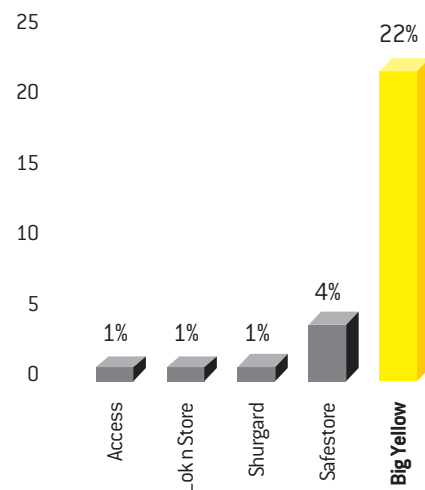
Social media continues to be complementary to our existing marketing channels. Big Yellow actively posts content across Twitter, Facebook and Instagram which help to raise awareness of our CSR activities. These social channels are also used by customers to connect with us and are monitored in real-time,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

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

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



### Unprompted brand awareness for the UK (%)



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

## Sustainability

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

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

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

The sustainability performance highlights for the year are:

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

## Foundation and charitable activities

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

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

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

## Cyber security and IT infrastructure

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

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

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

## The self storage market opportunity

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

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

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

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

# Strategic Report

## Marketing and Operational Review (continued)

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

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

### Store operating model

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

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

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

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

### Demand

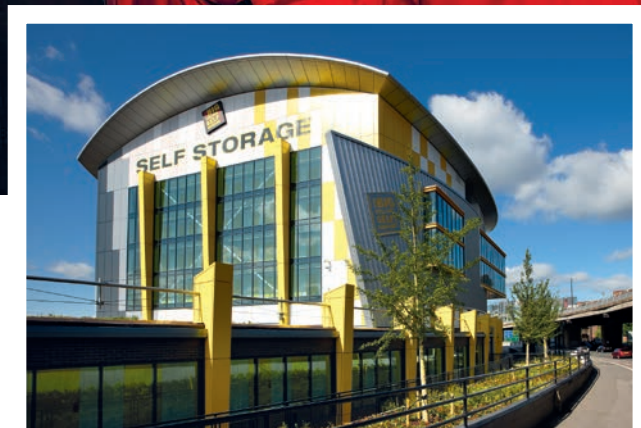
Demand for self storage is largely driven by need, with security, convenience, quality of product, service and location being key drivers. Awareness remains relatively low compared to commoditised products, such as hotel rooms or airline seats, albeit it is increasing slowly year-on-year with increased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

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

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

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

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



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

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

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

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

# Strategic Report

## Portfolio Summary – Big Yellow Stores

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

(1) The mature stores have been open for more than six years at 1 April 2020. The established stores have been open for between three and six years at 1 April 2020 and the developing stores have been open for fewer than three years at 1 April 2020.

(2) See glossary in note 33.

(3) Insurance, packing materials and other storage related fees.

(4) Rent for six mature short leasehold properties accounted for as investment properties and right-of-use assets under IFRS with total self storage capacity of 339,000 sq ft, and a long leasehold lease-up store with a capacity of 64,000 sq ft. The EBITDA margin for the 64 freehold mature stores is 72%, and 47% for the six leasehold mature stores.

(5) The table below reconciles Store EBITDA to gross profit in the statement of comprehensive income.

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

(6) See note 3 of the financial statements, reconciling items are management fees and non-storage income.

(7) See reconciliation in cost of sales section in Financial Review on page 36.

(8) The rent shown above is the cost associated with leasehold stores, only part of which is recognised within gross profit in line with right-of-use asset accounting principles. The amount included in gross profit is shown in the reconciling items in cost of sales.

## Portfolio Summary – Armadillo Stores

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

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

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

# Strategic Report

## Financial Review

### Revenue

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

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

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

### Operating costs

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

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

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

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

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

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

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

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

## Store EBITDA

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

## Administrative expenses

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

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

## Interest expense on bank borrowings

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

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

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

## Profit before tax

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

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

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

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

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

## REIT status

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

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

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

## Taxation

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

## Dividends

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

# Strategic Report

## Financial Review (continued)

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

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

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

### Cash flow growth

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

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

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

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

### Balance sheet

#### Property

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

#### Investment property

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

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

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

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

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

### Investment property under construction

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

### Purchaser's cost adjustment

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

### Receivables

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

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

### Net asset value

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

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

### Borrowings

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

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

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

# Strategic Report

## Financial Review (continued)

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

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

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

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

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

### Share capital

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

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

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

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

### Investment in Armadillo

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

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

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

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



# Strategic Report

## Principal risks and uncertainties

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

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

Risk and impact	Mitigation	Change during the year and outlook
<p><b>Self storage market risk</b></p> <p>There is a risk to the business that the self storage market does not grow in line with our projections, and that economic growth in the UK is below expectations, which could result in falling demand and a loss of income.</p>	<p>Self storage is a relatively immature market in the UK compared to other self storage markets such as the United States and Australia, and we believe has further opportunity for growth. Awareness of self storage and how it can be used by domestic and business customers is relatively low throughout the UK, although higher in London. The rate of growth of branded self storage on main roads in good locations has historically been limited by the difficulty of acquiring sites at affordable prices and obtaining planning consent. New store openings in London and other large metropolitan cities within the sector have slowed significantly over the past few years.</p> <p>Our performance during the Covid pandemic has been resilient. We believe that the resilience of our performance is due to a combination of factors including:</p> <ul style="list-style-type: none"> <li>– a prime portfolio of freehold properties;</li> <li>– a focus on London and the South East and other large metropolitan cities, where the drivers in the self storage market are at their strongest and the barriers to competition are at their highest;</li> <li>– the strength of operational and sales management;</li> <li>– continuing innovation to deliver the highest levels of customer service;</li> <li>– delivering on our strong ESG commitments;</li> <li>– the UK's leading self storage brand, with high and growing public awareness and online strength; and</li> <li>– strong cash flow generation and high operating margins, from a secure capital structure.</li> </ul> <p>We have a large current storage customer base of approximately 62,000 spread across the portfolio of stores and hundreds of thousands more who have used Big Yellow over the years. In any month, customers move in and out at the margin resulting in changes in occupancy. This is a seasonal business and typically we see growth over the spring and the summer months, with the seasonally weaker period being the winter months.</p>	<p>The Covid-19 pandemic caused a significant contraction in economic growth for the UK for 2020.</p> <p>The roll-out of vaccines has provided some hope of a return to more normal economic conditions, however risks around new variants remain. Governments around the world have taken on significant additional debt to fund the policy responses to the pandemic, and this may result in higher taxation rates in the future.</p> <p>The market risk has reduced since the same time last year given the performance of the business over the past 12 months and the vaccine roll-out.</p> <p>The uncertainty that we faced last year associated with the UK's exit from the EU and whether a trade deal would be agreed, has reduced. The uncertainty in the run up to Brexit had impacted consumer behaviour, which caused lower occupancy growth for the Group in the year ended March 2021.</p>

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

# Strategic Report

## Principal risks and uncertainties (continued)

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

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

## Strategic Report

### Principal risks and uncertainties (continued)

#### Internal audit

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

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

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

#### Going concern

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

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

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

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

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

#### Viability statement

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

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

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

**John Trotman**  
Chief Financial Officer

24 May 2021

## Section 172 Statement

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

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

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

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

### Stakeholder engagement

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

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

### Further information

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

#### Employees

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

#### Customers

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

#### Suppliers

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

#### Investors

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

#### Environment

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

#### Long-term

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

# Our investment case

## Our values:

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



### Helpfulness

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



### Empathy

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

## How we do it:

### Attractive market dynamics

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

### Our competitive advantage

- UK industry's most recognised brand with over 90% of enquiries now online
- Prominent stores on arterial or main roads, with extensive frontage and high visibility
- Continuous innovation and investment into our mobile and desktop digital channels
- Strong customer satisfaction and NPS scores reflecting excellent customer service
- 6.0 million sq ft UK footprint (Big Yellow and Armadillo combined)
- Primarily freehold estate concentrated in London and South East and other large metropolitan cities
- Larger average store capacity – economies of scale, higher operating margins
- Secure financing structure with strong balance sheet
- Continued significant investment in sustainability and our culture



### Flexibility

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



### Innovativeness

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



**HELPING  
VULNERABLE  
PEOPLE  
LEAD  
BRIGHTER  
LIVES**

### Integrity

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

### Evergreen income streams

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

### Strong growth opportunities

- Opportunities to drive further occupancy growth
- Yield management as occupancy increases
- Densification of living and scarcity of flexible business warehouse space drives demand
- Growth in national customers and business customer base
- Increasing the platform with a conservative capital structure
- Growth in our Armadillo platform

### Conversion into quality returns

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

# Our strategy

## Brand, platform, and customer service

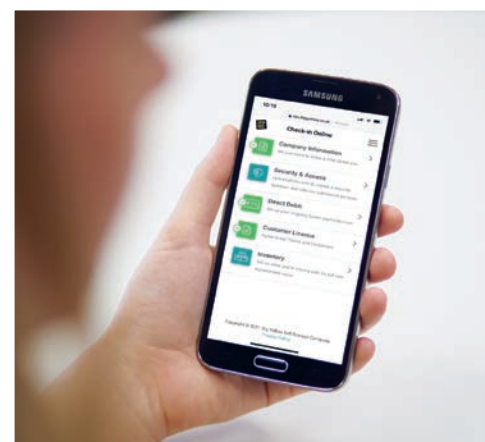
Our strategy from the outset has been to develop Big Yellow into the market-leading self storage brand, delivering excellent customer service, investing in sustainability and our market-leading operating platform and digital channels, with a great culture and highly motivated employees. We concentrate on developing our stores in main road locations with high visibility, where our distinctive branding generates high awareness of Big Yellow.

## Creating shareholder value

We continue to believe that the medium-term opportunity to create shareholder value consists of driving revenue and cash flow from our existing portfolio through continued investment in sustainability, our people, culture, and digital operating and marketing platforms. In addition, we aim to deliver external growth as new stores open through continued investment in our development pipeline. As a REIT our key financial objective is to produce sustainable returns for shareholders through a relatively low leverage, low volatility, high distribution business. In addition, any successful business must have an effective sustainability strategy, particularly around climate change, and this continues to be a key strategic focus for our business.

We focus on the following key areas:

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



## Real estate

The other main plank of our strategy has been to build a portfolio of large purpose-built freehold self storage centres, focussed on London, the South East and large metropolitan cities. We believe that by owning a predominantly freehold estate we are insulating ourselves against: economic downturns as we operate at higher margins; adverse rent reviews; and in the long-term possible redevelopment of key stores by the landlord. It also provides us financing flexibility as rent is a form of gearing.

Approximately two thirds of our current annualised store revenue derives from within the M25; for London and the South East, the proportion of current annualised store revenue is 82%. Our store development pipeline is largely in London and the South East, so we expect to maintain this geographic focus over the medium term.

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

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

Our Big Yellow stores are on average 63,000 sq ft, compared to an industry average of approximately 44,000 sq ft (source: UK Self Storage Association 2021 Annual Survey). The upside from filling our larger than average sized stores is, in our view, only possible in large metropolitan markets. As our operating costs are relatively fixed, larger stores in bigger urban conurbations, particularly London, drive higher revenues and higher operating margins.

## Capital structure

Following the Global Financial Crisis and the ensuing economic recession, we have materially reduced the financial risk within the business and diversified our sources of debt, whilst at the same time, increasing our store platform by deploying significant capital investment. We measure leverage by looking at our interest cover and that has increased from 1.9 times in 2008 to 9.9 times for the year ended 31 March 2021. Our objective is to not let this fall below 5 times, compared to the consolidated EBITDA covenant of 1.5 times. We manage this business on the basis that an external economic shock could potentially happen at any time. This is reinforced by the performance of the business through the current crisis, where we have delivered a strong trading performance whilst at the same time continuing to invest and expand.

## Self storage demand drivers

Economic activity and change are key drivers of self storage demand and are greatest in the larger urban conurbations, and in particular London and the South East. The structural changes consisting of the conversion of ex-industrial brownfield land to other uses, in particular residential; the reduction in home ownership and increased proportion of those choosing to rent; increasing density of living with new properties being built with optimised living space and very little provision for storage; will continue and are resulting in increased demand for our product. These changes have resulted in a significant shortage of available warehousing space, particularly in London, which has been accentuated by the current crisis. Self storage provides a convenient flexible solution to businesses such as online retailers, importers and exporters, service providers, the public sector, and marketing companies looking for mini-warehousing space.

In addition to domestic customers taking space to declutter their homes, our largest customer base is those using us short-term around an event, such as moving home, refurbishment, inheritance, household formation, separation, relocation, and students.

## Resilience

The location of our stores, brand, security, and most importantly customer service, together with the diversity of our 62,000 customers, serve better than any lease contract in providing income security.

The business proved to be relatively resilient, but not immune during the Global Financial Crisis and recession of 2007 to 2009, with London and the South East proving to be less volatile. During the current crisis the business has performed strongly with like-for-like occupancy growth of 6.7 ppts during the financial year ended 31 March 2021.

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

## Total shareholder return

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

We continue to believe that the medium-term opportunity to create shareholder value consists of driving revenue and cash flow from our existing portfolio through continued investment in sustainability, our people, culture, and digital operating and marketing platforms.

We focus on the following key areas:

### New prospects

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

### Customer satisfaction

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

### Driving revenue

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

### Cost control

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

### Increasing footprint

increasing the footprint of the Big Yellow platform principally through new site development and where possible existing prime freehold stores that meet our quality criteria;

### Expanding Armadillo

selectively acquiring existing self storage assets into the Armadillo platform;

### Sustainability

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

### Culture

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

### Capital

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

# Corporate and Social Responsibility Report

## 1.0 Introduction

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

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

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

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

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

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

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

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

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

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

## 2.0 CSR Executive Summary

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

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

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

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

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

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



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

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

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

**Jim Gibson**  
Chief Executive Officer

24 May 2021

### 2.1 Highlights

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

# Strategic Report

## Corporate and Social Responsibility Report (continued)

### 2.2 Climate Change and our Business - a new Strategy

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

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

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









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

### 2.3 Sustainability Performance Overview

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

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

### Provide the place and space to make lives easier

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



## Plan and act for a Sustainable Future

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

# Strategic Report

## Corporate and Social Responsibility Report (continued)

Treat everyone fairly and respectfully, as a partner

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



## 3.0 Our People

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

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

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

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

### 3.1 Highlights

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



# Strategic Report

## Corporate and Social Responsibility Report (continued)

### 4.0 Our Communities

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

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

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

#### 4.1 Highlights

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

#### 4.2 Community Investments

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

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



## £147,000

donated to seven Foundation charity partners

## £37,000

worth of storage space donated to the Red Cross

### 4.3 Big Yellow Foundation

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

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

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

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

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

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

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

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

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

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

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



### 5.0 Our Customers

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

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

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

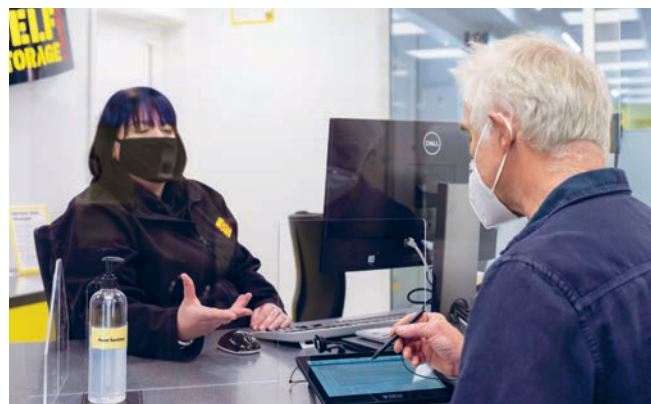
At the beginning of the pandemic we provided PPE appropriate for our team members to use and carried out risk assessments to confirm our stores remain Covid-19 compliant, with appropriate measures, including by way of example:

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

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

#### 5.1 Highlights

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



## 6.0 Our Suppliers

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

### How we manage our suppliers

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

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

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

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

### Supplier engagement

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

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

### 6.2 Supplier Payment Terms

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



Air source heat pumps at our Battersea store.

### 6.1 Highlights

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

No issues were raised via our confidential Whistleblowing Helpline.

# Strategic Report

## Corporate and Social Responsibility Report (continued)

### 6.3 Supply Chain Risk

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

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

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

### 6.4 Scope 3 Footprint

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

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



## 7.0 Our Health & Safety

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

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

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

## 7.1 Highlights

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

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

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



# Strategic Report

## Corporate and Social Responsibility Report (continued)

### 7.2 KPIs

#### Store Customer, Contractor and Visitor Health & Safety

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

Indicates data reviewed by SGS as part of their assurance work

Notes: RIDDOR = Reporting of Injuries, Diseases and Dangerous Occurrences.

(1) Please note this number is provided by the central finance team and audited as part of our third-party financial audit. Any normalising data is not assured by SGS.

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

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

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

Notes: Annual Injury Incident Rate = the number of staff reportable injuries / average number of staff (x100,000).

(2) FTE is used

#### Big Yellow Construction 'Fit-Out' Health & Safety

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

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

Notes: RIDDOR = Reporting of Injuries, Diseases and Dangerous Occurrences.





## 8.0 Our Environment

### Environmental Responsibilities

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

### Environmental compliance

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

### Approach

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

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

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

### Benchmarking and Standards

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

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

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

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

### Assurance of Data

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

# Strategic Report

## Corporate and Social Responsibility Report (continued)

### 8.1 Big Yellow Net Renewable Energy Positive (“NREP”) Strategy and Net Zero Emissions Strategy

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

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

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

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

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

### 8.2 Highlights

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

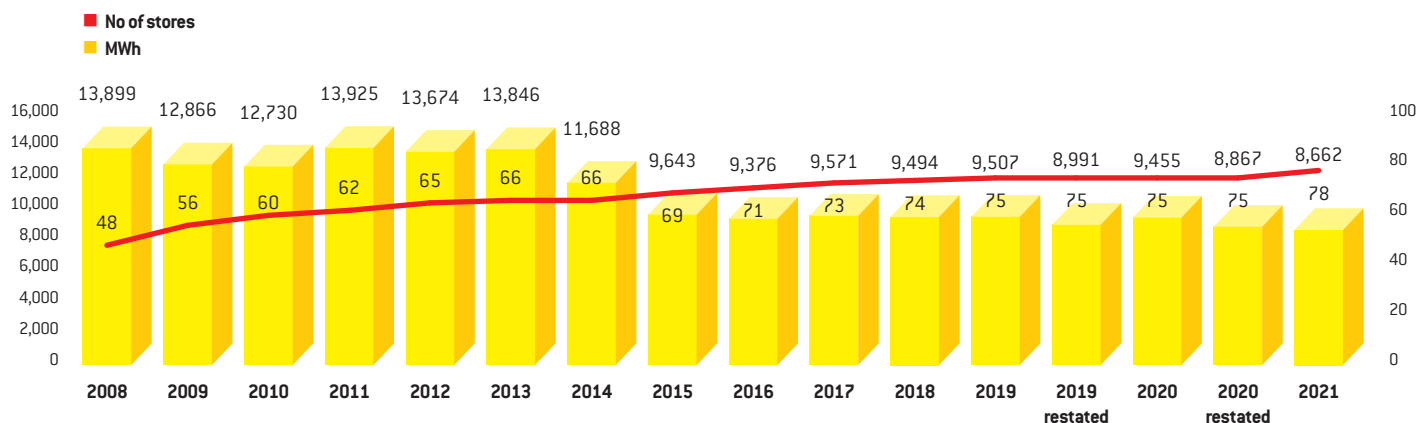
### 8.3 Energy

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

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

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

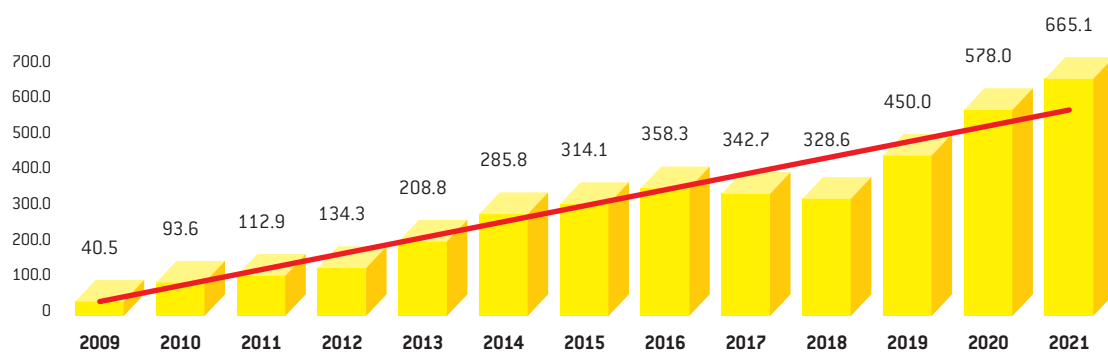
### Store Portfolio Long Term Grid Electricity Consumption (2009 to 2021)



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

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

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



## 8.4 Emissions

### Highlights

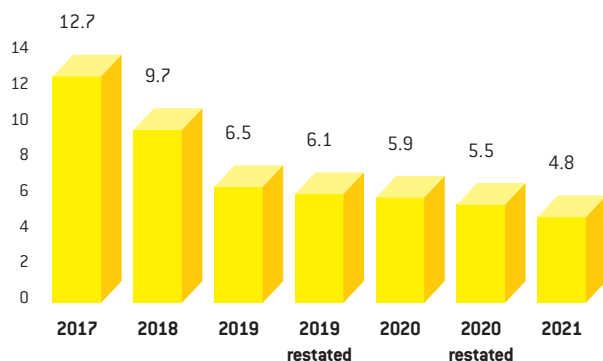
- Our absolute Scope 1 and Scope 2 Store and non-Store emissions saw a decrease of 8.1%. There are three main causes for this decrease: a favourable UK fuel mix; our investment in on-site renewables with six new solar PV installations during the year; and a small decrease of electricity use in stores,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

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

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

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

### Carbon intensity (per cla sq m)



# Strategic Report

## Corporate and Social Responsibility Report (continued)

### 8.5 Water

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

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

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

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

### 8.6 Waste

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

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

### 8.7 Resources Use

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

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

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

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

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



# 28

solar stores

# EVCs

Electric Vehicle charging points at all new stores

### 8.8 Green Store Portfolio

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

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

## 9.0 Benchmarks and Standards

### 9.1 Highlights

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

## 10. Legislation

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

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



## 11. Managing Environmental and Climate Change Risks and Opportunities

### 11.1 Task Force on Climate related Financial Disclosure (‘TCFD’) – Risks and Opportunities

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

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

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

### 11.2 Work Going Forward

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

### 11.3 Metrics

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

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

# Strategic Report

## Corporate and Social Responsibility Report (continued)

### Climate-related Risks and Opportunities

#### Climate-related Risks

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

[3] See our Performance section for specific breakdown

[4] m<sup>2</sup> from ground and below ground level floors

[5] Slight increase due to the reopening of Battersea

[6] SuDS – Sustainable Urban Drainage



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

#### Climate-related Opportunities

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

Notes to the table: Will be set as part of the science-based target work 2021/22.

[7] 2019: Oxford only. 2020: Oxford and Manchester. 2021: Oxford, Manchester, Camberwell, Bracknell, and Battersea

## 12. Our Stakeholders

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

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

### Investors

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

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

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

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

CDP

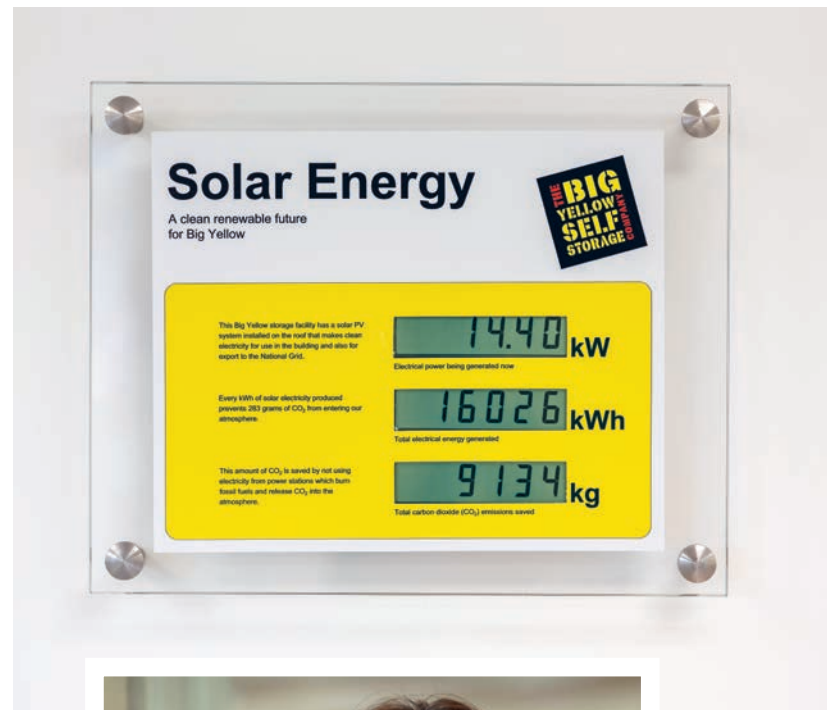
**A-**

EPRA sBPR

**Gold Standard**

GRESB

**Sector Leader**





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

### Nature, Scope and Purpose of the Assurance

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

### Carbon footprint (Scope 1 & 2) data

- Store electricity (tCO<sub>2</sub>e)
- Store flexi-office gas emissions (tCO<sub>2</sub>e)
- Refrigerant emissions (tCO<sub>2</sub>e)
- Absolute carbon dioxide emissions (tCO<sub>2</sub>e)
- Store Electricity use (kWh)
- Like-for-like electricity use (tCO<sub>2</sub>e)
- Absolute carbon emissions (tCO<sub>2</sub>e)
- Carbon intensity (kgCO<sub>2</sub>e/m<sup>2</sup> current lettable area)
- Carbon intensity (kgCO<sub>2</sub>e/m<sup>2</sup> occupied space)
- Carbon intensity (tCO<sub>2</sub>e/£000s revenue)
- Total renewable energy (kWh)
- Renewable energy percentage of total store use (%)

### Carbon footprint Scope 3 data

- Water Supply and Water Treatment
- Store waste disposal

### Health & Safety data

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

### Community investment data

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

### People data

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

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

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

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

### Greenhouse Gas (GHG) data

CO<sub>2</sub> emissions from own operations were verified at a limited level of assurance according to standard EN ISO14064-3:2006 Specification With Guidance For The Validation And Verification Of Greenhouse Gas Assertions, to establish conformance with the requirements of Big Yellow's reporting methodology as stated in its 'Basis of Reporting 2020/21' and the WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard ('The WRI/WBCSD GHG Protocol'), within the scope of the verification. The materiality required of the verification was considered by SGS to be below 10%, based on the needs of the intended user.

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

- Description of activities: Self-Storage services
- Location/boundary of the activities: United Kingdom
- Physical infrastructure, activities, technologies and processes of the organisation: Self-storage stores and administrative offices
- GHG sources, sinks and/or reservoirs included:
  - Scope 1 – stationary combustion, mobile and fugitive emissions;
  - Scope 2 – purchased electricity and solar generation;
  - Scope 3 – Store Water and waste
- Types of GHGs included: CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub> (HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub> are excluded)
- Directed actions: none

## Methodology

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

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

## Statement of Responsibilities, Independence and Competence

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

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

## Assurance Opinion and Conclusion

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

## Greenhouse Gas (GHG) data

SGS concludes with limited assurance that there is no evidence to suggest that the presented CO<sub>2</sub> equivalent assertion is not materially correct and is not a fair representation of the CO<sub>2</sub> equivalent data and information and is not prepared following the requirements of Big Yellow's 'Basis of reporting 2020/21', and the WRI/WBCSD GHG Protocol.

We planned and performed our work to obtain the information, explanations and evidence that we considered necessary to provide a limited level of assurance that the CO<sub>2</sub> equivalent emissions for the period 01/04/2020 – 31/03/2021 are fairly stated. This statement shall be interpreted with the CO<sub>2</sub> equivalent assertion of Big Yellow as a whole.

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

Verified emissions by scope are as follows:

- Scope 1 (Direct): 139 tCO<sub>2</sub>e
- Scope 2 – Location based (Indirect): 2,038 tCO<sub>2</sub>e
- Scope 2 – Market-based (Indirect): 0 tCO<sub>2</sub>e
- Scope 3 – Water – 30.7 tCO<sub>2</sub>e
- Scope 3 – Waste – 25.9 tCO<sub>2</sub>e

## Health & Safety, People and Community Investment data

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

## Good Practice and Opportunities for Improvement

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

### Good Practice

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

### Opportunities for Improvement

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

Signed:

Authorised by:



**H. Crick**

UK Business Manager

For and on behalf of SGS United Kingdom Ltd

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Registered in England No: 1193985

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