

Big Yellow Group PLC

Annual Report & Accounts 2022

growing
our business
sustainably



Get some space in your life.™



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This report was approved by the Board of Directors on 23 May 2022 and signed on its behalf by:

Jim Gibson
Chief Executive Officer

John Trotman
Chief Financial Officer

We are the UK's brand leader in self storage.

Our diverse customer base, strong brand and location of our stores help us to deliver a resilient performance, even through challenging times. We continue to grow our business sustainably and with a responsibility to our staff, the environment, and the communities we operate in.

This year's report highlights how our business is driven by our new store development pipeline, a focus on security and customer service, our staff and culture, and a commitment to CSR.



Well positioned for the future

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How we operate a secure business

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Our culture and staff

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Building a responsible business

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Highlights

■ 2022 ■ 2021

Financial metrics

Revenue

£171.3m +27%
£135.2m

Store revenue⁽¹⁾

£169.3m +28%
£132.5m

Like-for-like store revenue^(1,2)

£148.1m +13%
£131.1m

Store EBITDA⁽¹⁾

£120.9m +32%
£91.9m

Adjusted profit before tax⁽¹⁾

£96.8m +30%
£74.6m

EPRA earnings per share⁽¹⁾

52.5p +24%
42.4p

Dividend final

21.4p +26%
17.0p

Dividend total

42.0p +24%
34.0p

Statutory metrics

Profit before tax

£698.9m +163%
£265.8m

Cash flow from operating activities

£107.1m +40%
£76.7m

Basic earnings per share

385.4p +153%
152.3p

Store metrics

Store Maximum Lettable Area ("MLA")⁽¹⁾

6,098,000 +24%
4,930,000

Closing occupancy (sq ft)⁽¹⁾

5,107,000 +22%
4,201,000

Occupancy growth in the period⁽¹⁾

906,000 sq ft +116%
420,000 sq ft

Closing occupancy⁽¹⁾

83.7% (1.5 ppts)
85.2%

Occupancy – like-for-like stores (%)^(1,2)

86.7% (0.7 ppts)
87.4%

Average occupancy⁽¹⁾

86.7% +3.5 ppts
83.2%

Closing net rent per sq ft^(1,3)

£29.92 +4%
£28.71

Like-for-like average net achieved rent per sq ft^(1,2)

£30.51 +8%
£28.20

Like-for-like closing net rent per sq ft^(1,2)

£31.91 +11%
£28.84

⁽¹⁾ See note 33 for glossary of terms

⁽²⁾ The like-for-like metrics exclude stores opened in the current and preceding financial years, and the Armadillo stores

⁽³⁾ The increase in closing net rent per sq ft is lower than the like-for-like increase in closing net rent per sq ft due to the inclusion of the regional Armadillo stores which were acquired on 1 July 2021

Highlights

- Revenue growth for the year was 27%, which includes nine months of revenue from the acquired Armadillo stores. Like-for-like store revenue is up 13%, driven by gains in average occupancy and the improvement in average net rent
- Average occupancy increase of 3.5 ppts, with like-for-like closing occupancy at 86.7%
- Like-for-like average achieved net rent per sq ft increased by 8% year on year, like-for-like closing net rent up 11% from March 2021
- Store revenue for the fourth quarter was £43.9 million, an increase of 30% from £33.8 million for the same quarter last year, with like-for-like store revenue for the fourth quarter up 10% compared to the same quarter last year
- Cash flow from operating activities increased by 40% to £107.1 million
- Adjusted profit before tax up 30% to £96.8 million, EPRA earnings per share up 24% to 52.5p
- 42.0 pence per share full year dividend, an increase of 24%
- Statutory profit before tax of £698.9 million, up 163% from prior year due to a higher revaluation gain on investment properties
- Three new stores opened in the year in Uxbridge, Hayes (both London) and Hove, adding 185,000 sq ft of capacity
- Acquisition of new development sites in Kentish Town and West Kensington (both London) taking pipeline to 12 development sites of approximately 1.0 million sq ft (16% of current MLA), of which ten are in London
- Planning consent granted for new stores in Slough (90,000 sq ft MLA) and Newcastle (60,000 sq ft MLA). Seven of the 12 pipeline stores now have planning
- Placing of 7.8 million shares in June 2021 raising £97.6 million (net of expenses) to fund strategic acquisitions of remaining interest in Armadillo and development site in West Kensington. The combined transactions are earnings accretive
- Increase of £100 million in Aviva and M&G loans, increasing our total debt capacity to £575 million. Current net debt is £412 million, with available headroom of £163 million, and over £100 million of surplus land and property to be sold over the medium term



We have a varied customer base, an extensive portfolio of 105 stores and a development pipeline of 12 new stores. In addition, our market-leading brand and digital platforms plus our excellent customer service, all help to provide us with income security and resilience, even during challenging times.

Our strong capital structure provides an extra layer of stability as we look forward to future growth.

well positioned for the future

Secure financing structure with a strong balance sheet



Interest cover for the year
10.5 times

Net Debt to Adjusted Net Assets
18%

Annual compound adjusted eps growth of
14% since 2004/05

Dividend pay-out ratio of a minimum of
80%



Harrow, opening Summer 2022

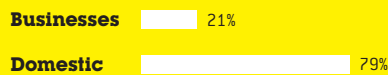


New store development pipeline

- 12 stores in the development pipeline
- Adding 1.0 million sq ft of storage space
- 7 of the 12 new stores have planning
- 10 of the new stores are in London
- Our current estimate of net operating income at stabilisation, at today's prices, for the 12 store pipeline is approximately £30 million
- Additionally, there is available capacity for growth in the current store portfolio of 1.0 million sq ft

Our diverse customer base

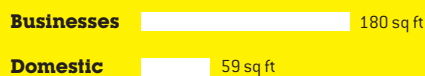
% of customer numbers by type



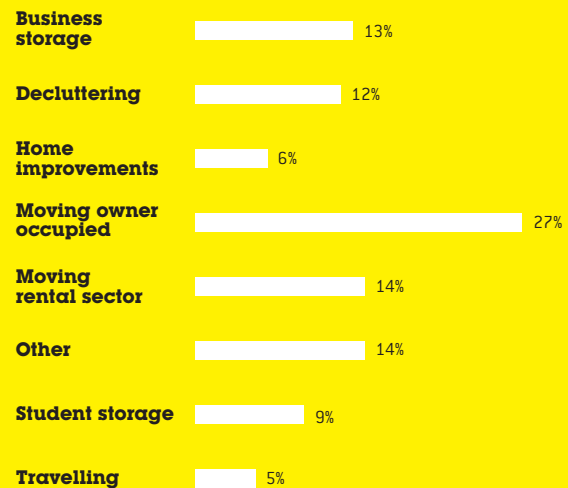
% of storage space occupied by customer type



Average space occupied by customer type



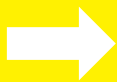
Reasons people used our storage during the year



The security of our customers' possessions is our number one priority.

With staff on site seven days a week, our security checks and balances reduce operational risk and we always know who is in our buildings.

how we operate a secure business



**CCTV externally monitored
24 hours
a day**

**All individually
alarmed**
storage rooms

**Customer
PIN codes**
to gain access

**Staff on site
7 days
a week**
during trading hours

**Perimeter
fencing**
at every site

**Electronic
security**
gates

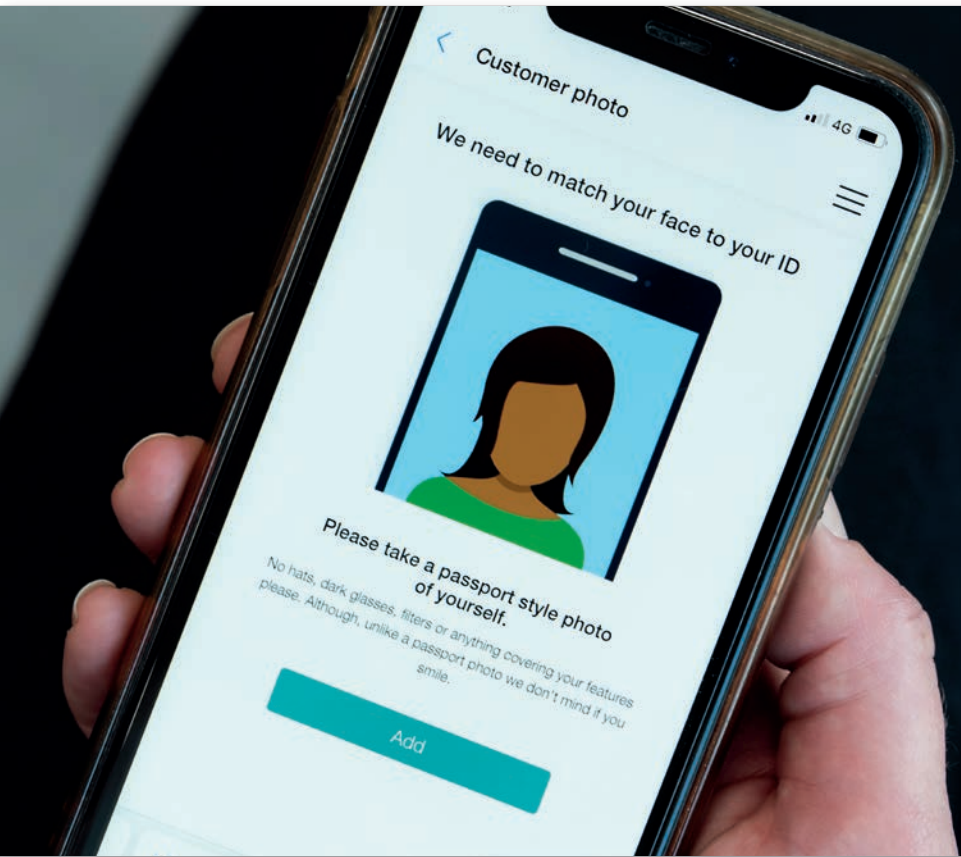
**Fire and smoke
detection**
systems

**Vigilant
teams**
in store

**Prohibited list
enforced**
of high-risk goods

**Security and
ID checks**
for all new customers

**Limited and
controlled use**
of extended hours access



Customer Security Checks

We conduct security and identity checks for everyone who stores with us. Each customer is photographed and security documents supplied. These can be easily uploaded by the customer, at home, via our Check-in Online platform, saving the customer valuable time when they arrive at the store. Over 90% of our customers use Check-in Online.

A customer's emergency contacts can also be uploaded and the customer must also submit an inventory of everything they are storing. This helps prevent any prohibited items being stored and assists the store teams to check all possessions are adequately covered with contents protection.

24 hour CCTV
and individually alarmed rooms.



Our strategy from the outset has been to deliver excellent customer service through a great working culture and highly motivated employees.

OUR culture and staff

Delivering exceptional customer service

We recruit on personality over someone's CV and have a strong culture of inclusivity and diversity within the company.

This is a customer-facing business with our users often new to self storage and going through stressful key life events. Fantastic service starts with a warm and empathetic personality, which is what we look for when recruiting. We then invest significantly in the training and development of our teams to maintain high customer service standards. This is monitored through customer feedback and a mystery shopping programme and we are proud of our exceptionally high Net Promoter Scores of 78.9.





Our Staff

Our people are at the heart of Big Yellow and we believe a strong culture helps keep our people actively engaged in the business.

We encourage a culture of partnership coupled with a flat management structure. Our staff participate in corporate performance through bonus schemes and share incentives. We recognise and reward exceptional service and all staff have a range of additional benefits including an extra day's holiday for their birthday.

We also provide a wide range of offline and online training and development programmes for our staff, whatever stage of their Big Yellow career they are at.

We ensure we listen to our people, not only for innovative new ideas but also how they feel Big Yellow fits into their work-life balance. Employee feedback surveys and store tours by the Directors help to keep all of us in close partnership and with open communication.

We don't just listen – we act too, making real changes to how we do things in order to support our staff further.

Progress in the year

- Continued the work of our fully represented Inclusivity and Diversity Committee.
- Achieved an engagement score of 86% in our Employee Engagement Survey (2019: 87%).
- Enrolled 95 people onto a virtual British Sign Language training course.
- Rolled out a Working From Home Policy for our Head Office Employees which has enabled all team members to achieve a better work-life balance.
- Reduced our store opening hours to support the wellbeing of our teams.
- Offered advice and support to a total of 122 people across the year, via our Wellbeing Experts.
- Appointed and trained 12 Recruitment Experts to support the recruitment process across our stores.
- Launched over 300 new personal development videos within our Learning Management System.
- Achieved a Performance Review completion rate of 94% across the Company.
- Continued to include a selection of 'People' KPIs to be assured by SGS.

Big Yellow is committed to responsible and sustainable business practices. We recognise that corporate social responsibility, when linked to clear commercial objectives, will create a more sustainable business and increase shareholder and customer value.

building a responsible business



**Net Renewable Energy
Positive by
2030**



**Net Zero Scope 1 & 2
Emissions by
2030**



**Net Zero Scope 3
Emissions by
2032**

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





Big Yellow Foundation

Our Foundation supports seven charities who work with vulnerable adults to help find them sustainable employment. We raised £172,000 through donations from our generous customers and paid £198,000 in Foundation grants during the year. Big Yellow matches every £1 donated.

During the year, we have also created work placements for two adults with Down's syndrome at our Swindon store and our distribution centre. We are looking to extend this programme into 2022/23.

Supporting Local Communities

We continue to support local charities in the communities where we operate through the donation of storage space. We supplied over £300,000 of discounted storage space to over 200 charities, of which £284,000 was free of charge.

Support for Ukraine

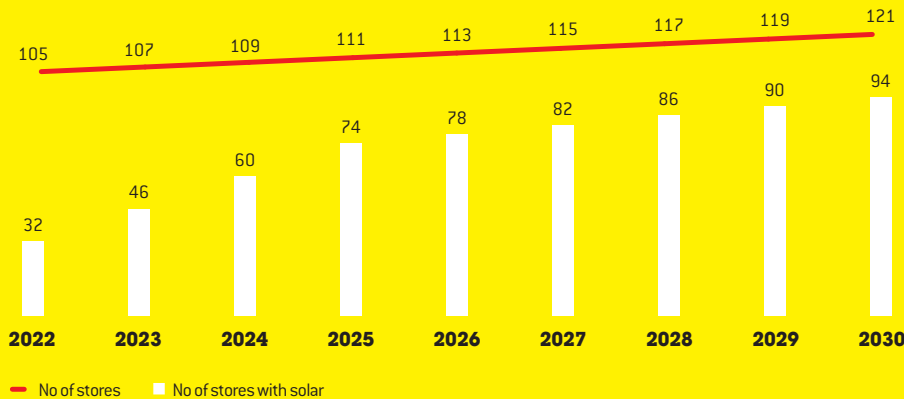
In February and March we supported the efforts of charitable and community groups around the UK who were collecting supplies to distribute to the Ukrainian borders.

We were able to support over 70 requests for assistance through the donation of 1,300 boxes and over 2,200 sq ft of free storage space. Big Yellow also donated £50,000 to the Ukrainian Sponsorship Pathway UK charity, who help Ukrainians displaced by the war to travel to the UK, as part of the Homes for Ukraine scheme. £1,000 was also donated to The Dnipro Kids Charity whose efforts helped many Ukrainian orphans get out of the country.

Using our extensive roof space to generate solar energy

We already use roof top Solar PVs on 32 of our buildings to generate on-site renewable energy. We have committed a further £10 million investment over the next three years to retrofit solar PVs across many more of our stores.

Projected number of stores with solar by 2030



We currently generate our own solar energy at 32 of our stores

We have locations right across the UK with 81 Big Yellow stores and 24 Armadillo stores. Our customers like our modern, easily accessible and highly visible stores.

Our national reach

We want to keep expanding and have now grown our development pipeline to 12 more sites to develop into Big Yellow stores.

The current maximum lettable area of the existing platform is 6.1 million sq ft. When fully built out the portfolio will provide approximately 7.1 million sq ft of flexible storage space.

98% of our stores by value are held freehold and long leasehold with the remaining short leasehold.



Hove, March 2022

MLA - 58,000 sq ft
Already 22% occupied, this new store hosts a squirrel art installation which we commissioned from local artist Kerry Lemon, following a competition run by us, for local artists in the area.



Hayes, January 2022

MLA - 73,000 sq ft
The Hayes store, already 21% occupied, is part of our portfolio expansion across West and North West London, along with Uxbridge, Harrow and Queensbury.



Uxbridge, June 2021

MLA - 54,000 sq ft
Uxbridge has reached 75% occupancy within a year of opening and has a range of sustainability features such as solar PVs, electric car charging pods, low flow taps and LED lighting. We have planted 29 new trees and installed bird nesting boxes and insect hotels to help protect the biodiversity of the area.



Kings Cross, Summer 2023

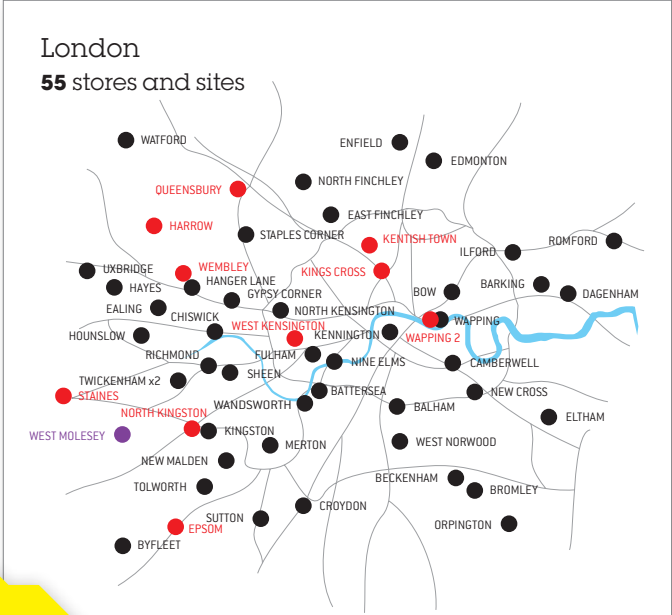
MLA - 106,000 sq ft
Prominently located on York Way in Kings Cross, this new Big Yellow will have 106,000 sq ft of flexible storage space when it opens in the Summer of 2023.



Armadillo Self Storage

In July 2021, we acquired the remaining 80% interest in the Armadillo portfolio which now consists of 24 stores, totalling approximately 1.0 million sq ft. Located regionally, these stores have an average size of 41,000 sq ft compared to 63,000 sq ft for Big Yellow stores.

Armadillo will be retained as a regional brand within the business. They are managed in exactly the same way as the Big Yellow stores and have allowed us to expand our store network into parts of the country where we were unlikely to build a Big Yellow but are in reasonably sized urban conurbations. This network has allowed us to improve the efficiency of our central overhead, particularly marketing, service our national customers more efficiently, and to provide an opportunity for our people to move around the business with more opportunity for promotion.



Outside London

63 stores and sites

- KEY**
- 81 Big Yellow stores (44 in London)
 - 12 Big Yellow stores under development (10 in London)
 - 24 Armadillo stores (1 in London, and Cheadle to be redeveloped)

Chairman's Statement

Big Yellow Group PLC ("Big Yellow", "the Group" or "the Company"), the UK's brand leader in self storage, is pleased to announce its results for the year ended 31 March 2022.

We acquired the 80% of the Armadillo store portfolio that we did not previously own on 1 July 2021, and these results therefore benefit from consolidating the Armadillo business for nine months of the year. The Armadillo portfolio has been managed as part of our operating platform and has therefore been fully integrated for many years. In these results we have separated out the Armadillo performance in the portfolio summary to provide a transparent understanding of the performance of the business.

The Group has delivered strong revenue growth, driving earnings growth from a combination of occupancy, improvements in average net rent driven by our yield management systems, and the accretive acquisition of Armadillo.

The business delivered very strong occupancy growth from the end of the first lockdown in 2020 through to last summer, benefiting from an acceleration in certain structural trends around housing, working from home, the move to online trading and the like. These trends, combined with the shortage of quality flexible mini-warehousing space, from which to operate small scale storage and e-fulfilment is helping to drive our demand. We believe these are long-term trends.

As expected, we did see a return to our more normal seasonal fall in occupancy in the third quarter of the financial year, accentuated by a very strong early summer which in itself was partially influenced by distortions caused by the stamp duty holiday coming to an end.

Revenue

£171.3m +27%
£135.2m

Store revenue⁽¹⁾

£169.3m +28%
£132.5m

Like-for-like store revenue^(1,2)

£148.1m +13%
£131.1m

Store EBITDA⁽¹⁾

£120.9m +32%
£91.9m

In the fourth quarter, we would normally see increasing occupancy growth from mid-February to the end of March. We have experienced some softness in demand since the tragic events began to unfold in Ukraine, following the Russian invasion. As a consequence, our occupancy performance was largely flat in the fourth quarter with a small gain, with year-on-year like-for-like revenue growth of 10% largely driven by increases in net achieved rents. This is a needs-driven business with many of our customers making significant decisions around moving, business start-ups, extensions and the like, and at times of significant uncertainty there can be some hesitancy; although, based on previous experience, these decisions are often only deferred. We are now some weeks on, and we are seeing an improvement in the demand picture with prospects and move-ins up on last year in April. We can also state that the trading patterns in our business in terms of move-ins and move-outs have now normalised, following two years of pandemic related distortions.

⁽¹⁾ See note 33 for glossary of terms

⁽²⁾ The like-for-like metrics exclude stores opened in the current and preceding financial years, and the Armadillo stores



Financial results

Revenue for the year was £171.3 million (2021: £135.2 million), an increase of 27%. Like-for-like store revenue growth (see note 33) was 13% driven by a combination of increases in average occupancy and average net rent. Like-for-like store revenue excludes new store openings, and the impact of the acquisition of the remaining interest in Armadillo. Armadillo was previously equity accounted as an associate, and from 1 July 2021 is consolidated, as we now own 100%.

Store revenue for the fourth quarter was £43.9 million, an increase of 30% from £33.8 million for the same quarter last year.

Operating cash flow (after net finance costs) increased by £30.4 million (40%) to £107.1 million for the year (2021: £76.7 million).

The Group made an adjusted profit before tax in the year of £96.8 million up 30% from £74.6 million in 2021. EPRA earnings per share increased by 24% to 52.5p (2021: 42.4p) with an equivalent 24% increase in the dividend per share for the year.

The Group's statutory profit before tax was £698.9 million, an increase of 163% from £265.8 million in the prior year with a higher revaluation gain on our investment properties in the year, reflecting the growth in cash flow and some improvement in cap rates. The Financial Review and note 15 contains further details on the Group's valuation, which has this year been carried out for the first time by Jones Lang LaSalle.

Acquisition of Armadillo

On 1 July, the Group acquired the remaining 80% interest in Armadillo which it did not previously own from its JV partners. The total consideration was £119 million, including underlying debt of £50.9 million for a Year One net operating income ("NOI") yield of 7.7% (based on a projected NOI of £10.9 million). The acquisition was funded by a combination of equity from last summer's placing and the pre-existing debt and is, and continues to be, earnings enhancing.

The Armadillo portfolio is more regional and as a result the proportion of our revenue derived from London and the South East reduced from 82% to 74%, albeit we expect this weighting to revert over the medium term to over 80%, given our development pipeline is focused largely on London and the South East. Armadillo represents 11% of the Group's total combined EBITDA and 12% of revenue.

We continue to look to acquire existing assets into the business which meet our requirements in terms of location, quality of build, environmental rating, and capacity.

Investment in new capacity

We opened three new stores in the year adding 185,000 sq ft to our platform. Initial trading has been encouraging, with Uxbridge (opened June 2021) at 75% occupancy at the date of these results, Hayes (opened January 2022) at 21% occupancy and Hove (opened mid-March 2022) at 22% occupancy. Uxbridge broke even at the EBITDA level within four months of opening, and we expect the other two stores to start making a positive contribution to earnings this year. We will continue to open our pipeline stores and are now seeing the benefit of several years building up the development pipeline and successfully gaining planning consents.

Site acquisitions

In our core area of operation, being London and its commuter towns, we continue to see increased competition for sites from urban logistics and the industrial sector alongside mixed use residential and other uses. Opportunities are scarce and well-bid when they do come along, particularly in London.

In April the Group acquired a prime Zone 2 0.9 acre site on Regis Road in Kentish Town, North London for £16.5 million. We will be seeking planning permission for a 68,000 sq ft self storage centre on the site.

In June the Group acquired 66 Hammersmith Road, West Kensington, in London for £26 million. This is a strategic acquisition adjacent to the Olympia conference centre, a short distance from one of the wealthiest and densest enclaves in London. Subject to planning, the store is currently estimated to open in 2025, and will provide approximately 175,000 sq ft of space, including 7,000 sq ft of SME space.

Planning

The planning system remains complex and a time-consuming process. During the year we were pleased to be granted planning consents for new stores in Slough and Newcastle. Seven of the 12 stores in our development pipeline now have planning consent, with the balance at various stages of planning.

Chairman's Statement (continued)

Development pipeline

Big Yellow now has a pipeline comprising 12 development sites with a cost to complete of approximately £190 million, which will be phased over the next five years as we build out stores. As a result of the well-documented supply chain, Covid-related issues, and rising energy, labour, and raw materials costs, we are experiencing higher than normal inflation in construction costs. We have reflected this in the projected costing of our pipeline and will continue to keep it under review.

These store openings are expected to add approximately 1.0 million sq ft of storage space to the portfolio, an increase of 16% from the current maximum lettable area of the Group's portfolio. There is also available capacity for growth in the open store portfolio of a further 1.0 million sq ft.

Our current estimate of net operating income at stabilisation, at today's prices, for the 12 store pipeline is approximately £30 million. The total development cost is estimated to be approximately £353 million implying an 8.5% net operating income return on cost.

Capital Structure

The Group's interest cover for the period (expressed as the ratio of cash generated from operations pre-interest against interest paid pre working capital movements) was 10.5 times (2021: 9.8 times). This is comfortably ahead of our internal minimum interest cover requirement of five times.

Net debt is £411.8 million at 31 March 2022, and we have available liquidity of £162.8 million and the business continues to generate positive post-dividend cash flow both of which we will use to fund future growth. The average cost of debt on drawn facilities is now 3.1% and the marginal cost of RCF bank debt is currently 2.25%.

In addition, the Group has property surplus to its needs which will be sold over the medium term, generating net cash proceeds estimated currently at over £100 million. We were therefore very pleased to announce this morning the exchange of contracts on the sale of our industrial warehouse scheme at Harrow for gross sales proceeds of £61 million. Completion of the sale is conditional, inter alia, on practical completion of the development, and is expected to occur in August of this year. At 31 March 2022 the cost to complete the development was £4.5 million.

Dividends

The Group's dividend policy is to distribute a minimum of 80% of full year adjusted earnings per share. The final distribution of PID declared is 21.4 pence per share. This brings the total distribution declared for the year to 42.0 pence per share representing an increase of 24% from 34.0 pence per share last year.



A selection of stores in our development pipeline



North Kingston



Queensbury



Wembley



Newcastle

Our people

The last two years has been very challenging for everyone with significant and continuing uncertainty and against all of that we have managed, not only to remain open for business, but also to improve our operations with many enhancements, continue to expand, and deliver what are excellent results.

This can only be achieved when our colleagues feel valued in a culture which is inclusive with high levels of employee engagement – one of the key planks of our business strategy from day one. I would like to thank all of the team for their continued efforts over the last year.

Board

Michael O'Donnell joined the Board as a Non-Executive Director with effect from 1 September 2021. Michael is a former Managing Director of LGV Capital, a private equity firm, and has significant corporate experience, with a focus on high-growth companies.

Richard Cotton will be stepping down from the Board at the Annual General Meeting in July 2022, after serving his full term as a Non-Executive. I have worked with Richard for nearly thirty years: he advised on the flotations of Edge Properties and in 2000 that of Big Yellow and a short while after his departure from investment banking joined our Board. In that time few days have passed when I have not sought his advice and the best of counsel it has been. Whatever successes this Company has enjoyed it is in good part due to his involvement, for which I thank him.

Outlook

Since our last results, the events in Ukraine have added to macroeconomic uncertainty. We spend considerable time planning for such situations, having successfully navigated two crises since the Global Financial Crisis.

We enjoy over 10 times interest cover from cash flows that may not be immune to adversity but have proven themselves to be resilient for over twenty years.

Our task is not only to defend well, but also to find new advantage and opportunity at times like this, which we are in a position to do given the strength of our capital structure and business model.



Nicholas Vetch
Executive Chairman

23 May 2022



Adjusted profit before tax⁽¹⁾
£96.8m +30%
£74.6m

EPRA earnings per share⁽¹⁾
52.5p +24%
42.4p

Final Dividend
21.4p +26%
17.0p

Total Dividend
42.0p +24%
34.0p

⁽¹⁾ See note 33 for glossary of terms

CEO introduction

When we reported our results at the interim stage and in January for the third quarter, we were looking forward to a normalisation of our trading as the economy fully reopened with Covid risks receding.

The 24th of February Russian invasion of Ukraine and the tragic events that have been unfolding are not only a humanitarian crisis, but have also increased uncertainty and stoked inflation. Once again, I was impressed by how our teams around the country responded to requests from local community groups for packing materials and storage to support their collection of vital goods prior to being transported to Poland and other EU border countries. The support for local charities through the provision of free storage space is something we have done for many years and there are currently over 200 local charities across the business receiving free or discounted storage. In the year ended 31 March 2022, the total cost of free or discounted storage and packing materials was over £300,000.

Nick Vetch has recently, with others, founded a charity called Ukrainian Sponsorship Pathway UK (“USPUK”) to help Ukrainians displaced by the war to travel to the UK as part of the “Homes for Ukraine” scheme. The charity has set up offices in Warsaw and Krakow and is one of the few that has been recognised for this purpose by the UK Government. We are proud to be financial supporters of this new charity and the Board approved a donation in May 2022 of £50,000. Nick, Richard Cotton and myself have all made personal donations and Heather Savory has kindly volunteered as a Trustee of the charity.

Over the two year pandemic period, we have remained open for trading thanks to the loyalty, determination, and conscientiousness of our teams, providing our services to businesses, individuals, and charities. Furthermore, we have made significant progress on a number of fronts in developing and growing our business.

In response to feedback from our colleagues and some of the learnings of trading through the pandemic, we have increased our investment in, and focus on, inclusivity, diversity, and wellbeing. We do believe that we have a highly engaged and positive culture. We carry out externally facilitated surveys of our colleagues every two years and responded to last Autumn’s with some key changes to improve work/life balance as follows:

- we have a fairer flexible working policy for all employees at our Bagshot head office – employees have the option to work from home two days a week;
- we have reduced our store reception opening hours across the week by five and a half hours, which we were able to do as our stores are fully automated to existing customers; and
- there are times when our stores have only one team member working on a given day, and in recognition of that we have increased pay for any such lone trading.

Our Foundation continues to grow and over the last two years we have donated some £345,000 to our seven charity partners, St Giles Trust, Bounce Back, Back-up Trust, Street League, Down’s Syndrome Association, Breaking Barriers, and Hire a Hero, all of whom are focussed on the rehabilitation of those needing specialist support back into work.

Over the pandemic period, we continued to innovate and invest in our business to improve efficiency. Examples include a significantly improved check-in online system which was launched in the Spring of last year; our Learn digital training platform; paperless interaction with customers at stores; and a new digital facilities management system, which was launched recently. In addition, we have made further investment into our digital infrastructure, comms, and cyber security. We have always, and will continue to, invest in technology which can improve the customer experience and productivity and efficiency of all aspects of our business.

Since the first lockdown in the Spring of 2020, we have seen the benefit of the hard work our property team put into building our store pipeline, with the opening of six stores with a total storage space of 389,000 sq ft. All are performing well and making an increasing contribution to our growth in cash flow and earnings. This is illustrated in our portfolio summary on page 34, with the Big Yellow stores which are less than three years old increasing their EBITDA by £3.0 million during the year to £3.7 million, with their EBITDA margin increasing from 28.0% to 51.9%. Having opened these stores it is important that we continue to acquire new sites, and in the last year we have acquired two development sites in Kentish Town and West Kensington in addition to the three acquired the year before. Our current pipeline consists of 12 development sites with the potential to add 1.0 million sq ft. Seven of these have planning consents, following the grant of planning consents for Slough and Newcastle during the year, with the planning applications on Wapping and Staines currently submitted pending a decision this Summer.

We started managing the first ten Armadillo stores in 2009 and were successful in acquiring them in joint venture with our Australian partners five years later when they were put up for sale. Our strategy at the time was to grow this regional brand through acquisition of existing stores that met key requirements for us around the location, the quality of the building and a minimum size. We would then rebrand these new stores and add them seamlessly to our digital platforms alongside the Big Yellow store portfolio. They are managed in exactly the same way and have allowed us to expand our store network into parts of the country where we were unlikely to build a Big Yellow but were still reasonably sized urban conurbations. This network has allowed us to improve the efficiency of our central overhead, particularly marketing, service our national customers more efficiently, and also to provide an opportunity for our people to move around the business with more opportunity for promotion. Following discussions with our JV partner, we successfully acquired the 80% of the Partnership we did not own, funded by a placing and the assimilation onto our balance sheet of the existing bank debt.

This transaction is earnings enhancing and very importantly has been well received by all the staff within Armadillo who are now firmly part of the Big Yellow family. There are no changes into how the portfolio has been operated since the acquisition and we will run it as a regional brand alongside Big Yellow. We intend to make existing store acquisitions in the future, alongside our new-build development programme, however finding product of the right quality, particularly around environmental standards, remains difficult.

Sustainability remains a key focus and during the year we were pleased to publish our Net Renewable Energy Positive and Net Zero Strategy. We have installed solar PVs on all new stores since 2008 and will continue to do so. However, we have commenced a £10 million programme to retro-fit solar PV across 36 existing Big Yellow stores to maximise their solar energy generation, with the first 12 completing by this Autumn. We also in the process of reviewing the Armadillo portfolio with a view to increasing this investment and adding them to the programme.

The Sustainability Committee has approved stretching science-based targets which will be published as part of our full 2022 CSR report. I am fully aware that getting to Net Zero is a challenge for all businesses and we as a Board are committed to meeting that challenge in the coming years. Battery technology will be a key aspect of any carbon reduction strategy and we have recently commenced a battery pilot study at our Guildford Central store, the aim being to improve our energy management at stores. Battery technology will doubtless develop further, and I am excited at the possibility of retaining self-generated electricity for use at our stores rather than sending it to the grid.

Turning to our results, this has been a strong performance and over the last year reflecting a significant increase in occupancy over the summer and consequent increase in average rents. Self storage has a very broad and diverse customer base with demand largely driven by need, with the average customer moving out in a year staying some 8 months with over half of our customers staying more than 12 months and some 40% more than two years. Our customer licence provides flexibility to the customer in that they stay for as long as they need the space and can leave with a week's notice, but it does allow us to move pricing regularly with 30 days' notice. As a consequence, we can deploy strategies to increase our pricing in a higher inflationary environment, so as to protect our operating margins. In October last year we increased our scheduled rents to reflect projected levels of inflation and our yield management systems have been adjusted to deliver higher levels of rental growth. Our aim is to achieve sustainable rental growth over the long term.

From mid-April we are seeing an improvement in demand after the initial shock of the Ukraine conflict. We remain confident in our business model and are looking forward to our seasonally stronger summer trading period in an economy that has fully reopened.

Jim Gibson
Chief Executive Officer

23 May 2022



UK's brand leader in self storage

Self storage is a consumer facing product. Done right, brand sits at the heart of a business and drives its performance. Self storage is an immature market with 70% first time users so the interaction at the prospect stage, through all brand communications, is therefore critical. Location is important, as are all other touchpoints such as our digital platform, written and verbal communication and the consistency of our product and service throughout all our stores.

An unknown new operator can achieve a certain level of operational performance, as can a gym or hotel. However to drive higher performance with occupancy levels to 90% plus and sustainable rental growth requires a strong brand to drive more market share online and more enquiries.

The brand experience leads to an emotive response from customers – it builds trust, aids conversion, encourages repeat use and recommendation to others.

31 of the top 100 search terms driving traffic to self storage operator websites feature brands and 35% of these branded terms are Big Yellow variations.

A YouGov commissioned survey by the UK Self Storage Association in January 2022 measures unprompted brand awareness and showed once again, Big Yellow has the highest unprompted brand awareness, five times higher than the next operator. This is partly driven 24/7 by our highly visible, prominent stores.

Strategic Report

In the twenty two years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return ("TSR"), including dividends reinvested, of 15.8% per annum, in aggregate 2,401% at the closing price of 1536p on 31 March 2022. This compares to 6.2% per annum for the FTSE Real Estate Index and 5.1% per annum for the FTSE All Share index over the same period. We feel this illustrates the power of compounding of consistent incremental returns over the longer term.

Our investment case

Our values



How we deliver value



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.

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.

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.

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 performed well during the pandemic
- 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
- 6.1 million sq ft UK footprint, with development pipeline of 1.0 million sq ft
- Primarily freehold estate concentrated in London and South East and other larger urban conurbations
- 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



Evergreen income streams

- 73,000 occupied rooms, with customers from a diverse base – individuals, SMEs, and national customers
- Average length of stay for existing customers of 29 months
- 37% of customers in stores greater than two-year length of stay, a further 17% for one to two years
- Low bad debt expense (0.1% of store revenue in the year), no deterioration over the pandemic

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

Our returns



Conversion into quality returns

High margins

Freehold assets for high operating margins and operational advantage

Sustainable

Low technology and obsolescence product, maintenance capex fully expensed

Annual compound adjusted eps

14%

Annual compound adjusted eps growth of 14% since 2004/5 (IFRS adoption)

Cash flow

15%

Annual compound cash flow growth of 15% since 2004/5

Dividend pay-out

80%

Dividend pay-out ratio of a minimum 80% of adjusted eps

Strategic Report

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.

Our Strategy

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:



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 58% 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 74%. These proportions reduced in the current year following the acquisition of the remaining interest in Armadillo which we did not previously own, however with our store development pipeline largely in London and the South East, we would expect these proportions to increase 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 2-3% per annum. In 2021, there have been only seven store openings in London (including one Big Yellow store), and we anticipate five new stores in London in 2022, including three Big Yellow store openings.

Since April 2021, we have acquired development sites in Kentish Town and West Kensington. This increases our pipeline to 12 freehold development opportunities, totalling approximately 1.0 million sq ft (16% of MLA).

Our stores are on average 60,000 sq ft, compared to an industry average of approximately 45,000 sq ft (source: UK Self Storage Association 2022 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 10.5 times for the year ended 31 March 2022. 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 pandemic, 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 use in our 73,000 occupied rooms, 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 6.2 ppts since 31 March 2020.

81% of our customers pay by direct debit, and our cash collection has remained robust throughout the pandemic.

Strategic Report

The Group's KPIs are shown in the charts on page 25. 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.

Our key performance indicators

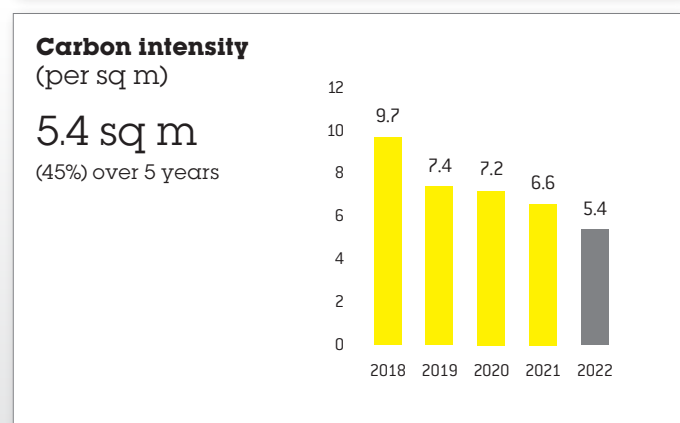
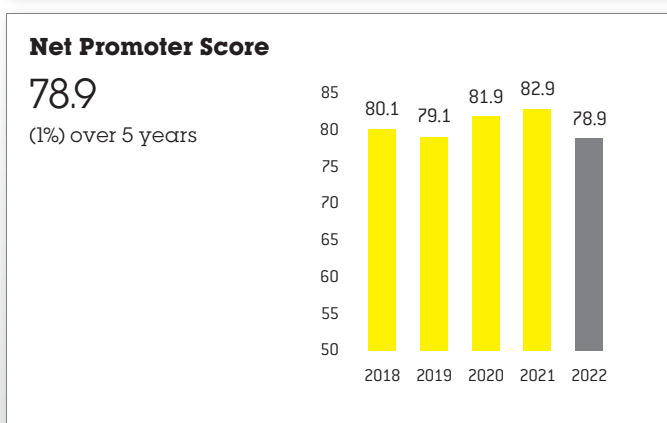
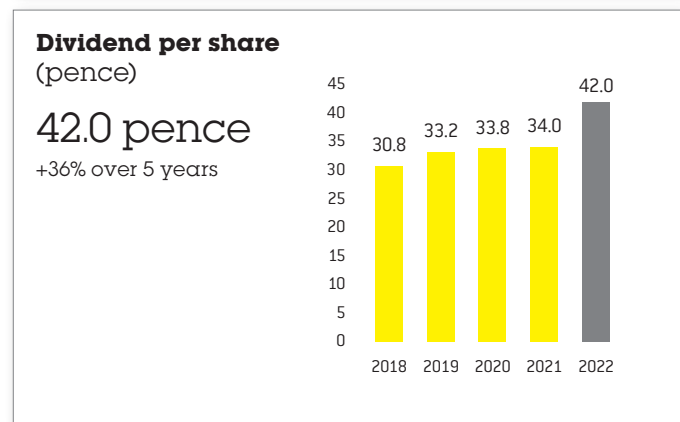
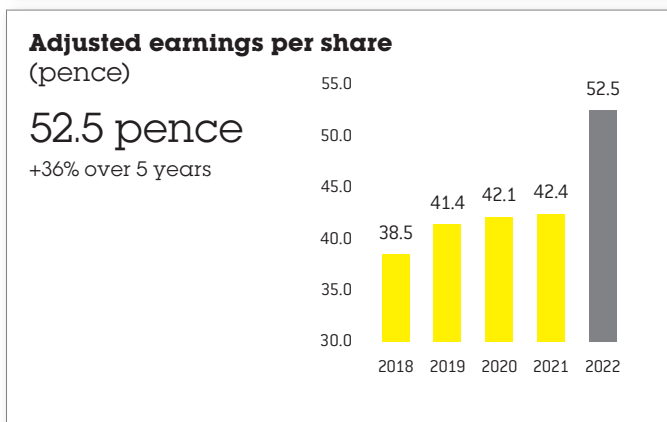
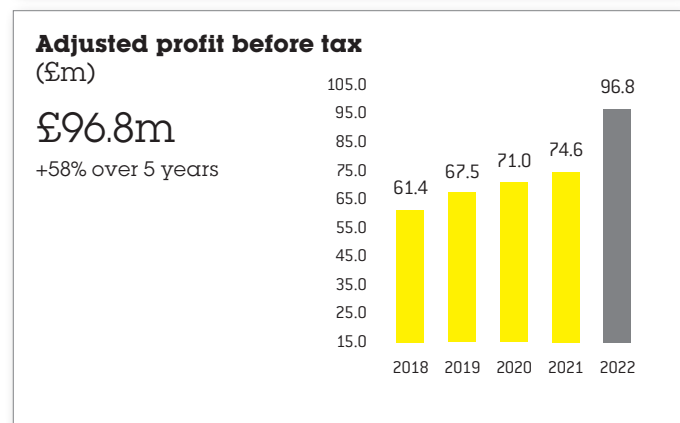
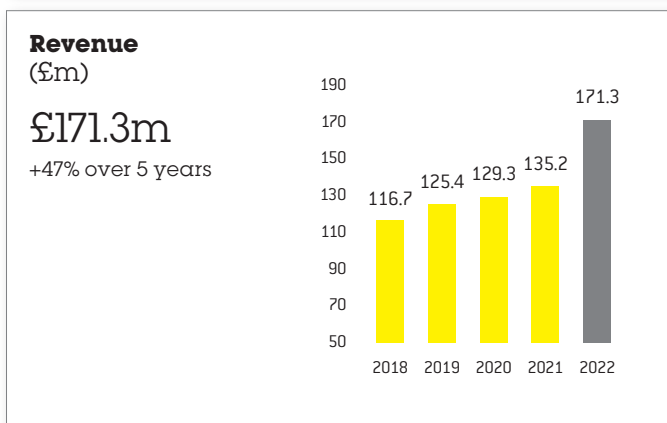
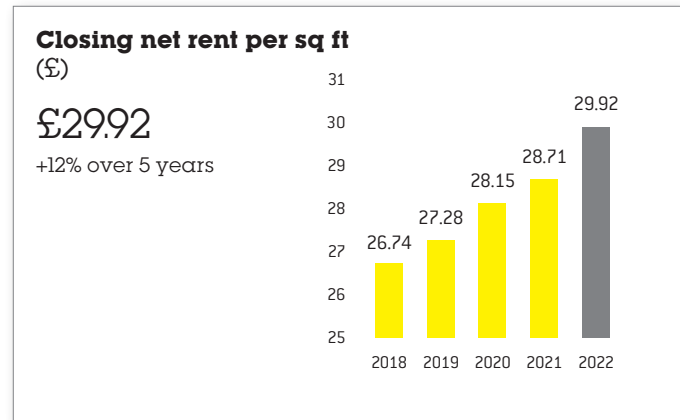
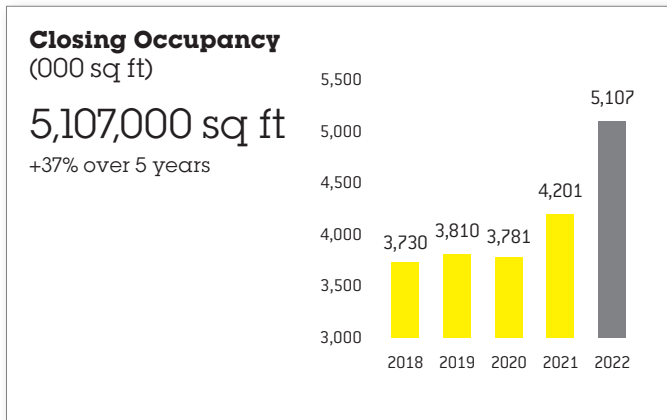
Over the course of the past five years, both occupancy and revenue have grown significantly, with Armadillo included in our consolidated results from 1 July 2021. We saw particularly strong growth in 2021 and 2022, after a weaker 2020 following the Brexit uncertainty and the initial impact of the UK lockdown in response to Covid-19.

In 2018 closing net rent per sq ft increased by 3%, by 2% in 2019, by 3% in 2020, by 2% in 2021 and by 4% in the year to March 2022. The like-for-like growth in the current year was 11%, with the acquired Armadillo stores at a lower average net rent reducing the reported growth for this year. As the stores are at higher levels of occupancy, we expect revenue growth to be driven by a combination of occupancy increases and growth in net achieved rent per sq ft.

Adjusted profit before tax, adjusted earnings per share ("eps") which drive the distributions to shareholders (as our dividend policy is to pay a minimum of 80% of adjusted earnings as dividends) are also KPIs. The Group focuses on adjusted profit and earnings measures as they give a clearer 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 8% over the past five years. Compound adjusted eps growth since 2004/5 is 14%. We have illustrated the Group's performance in these measures over the past five years on page 25. 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 78.9. 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 44% 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.



Strategic Report

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.

Marketing and Operational Review



Marketing and ecommerce

Our strong brand and continued digital investment and innovation has helped us create a market-leading website which delivers over 90% of our enquiries.

Our annual YouGov survey (published April 2022) 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 across the UK.

The Big Yellow website allows users to browse different room sizes, obtain a price, reserve online and check-in online.

The online customer experience also allows customers to communicate with us in real-time via Live Chat, WhatsApp, or Facebook Messenger. The comprehensive online FAQs provide our users with another way to ask questions they may have about the service without needing to call us directly.

The seamless digital experience continues with our online check-in platform. This allows customers to complete the majority of their move-in process remotely. 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 check-in online capability has significantly 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.

We also offer the ability to purchase boxes and packing materials through our online BoxShop store. These items can be home delivered or made available for our Click and Collect service from stores.

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. 37% of all traffic generated from search engines to our website originated from “Big Yellow” brand searches in the year.

This clearly indicates, that although self storage is a relatively immature industry with approximately 70% of customers using it for the first time, brand is important in driving higher levels of prospects and customer referrals, leading to improved operational efficiencies.

We have demonstrated this through significant improvements in the performance of existing storage centres following their acquisition, re-branding, and assimilation into our business.

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

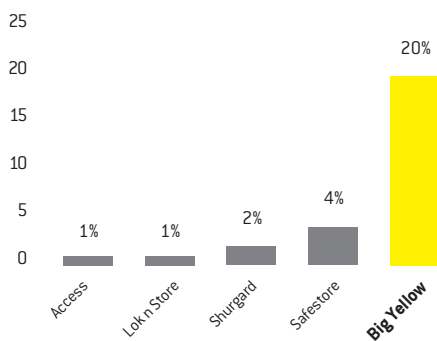


Digital display advertising enables us to regionally target audiences in the market for self storage, raising consideration of the service and the Big Yellow brand through engaging creatives.

Online customer reviews and social media

Supporting our values of putting the customer at the heart of our business, our online customer reviews generate real-time feedback from customers and provide positive word of mouth referral to our website visitors. Through our 'Big Impressions' customer feedback programme, we ask our new customers to rate our service. With the users' permission, we then publish these independent customer reviews on the Big Yellow website which currently total over 42,000, averaging 4.8 out of 5.

Unprompted brand awareness for the UK (%)



Source: YouGov commissioned survey by the UK Self Storage Association January 2022



Check-in Online:

Making life easy for our customers

We know customers will often use self storage when going through a potentially stressful event like a house move or a building project. Where possible, we innovate to make our customers' lives as easy as possible when using our services. Central to this is speeding up the customers' move in experience, without compromising on our security or operational checks and balances.

Our Check-in Online platform is used by 90% of our customers to complete the majority of their move-in process at home.

Every feature has been designed to remove stress. The terms and conditions have been written in a more playful language, avoiding confusing legalese. An engaging animation takes the customers through the main parts of their contract and what they need to know about storing with us. Customers can upload their own identity photos and security documents straight into our database. Check-in Online also enables the customer to set up their emergency contacts, personal details and set up a direct debit. They can even input an inventory of what they are storing straight into the platform – a huge time saving feature for the customer by the time they get to the store.

Strategic Report

Marketing and Operational Review

(continued)



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 15,500 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 3,200 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 company culture.

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.

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.

During the year we published our 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.

The sustainability performance highlights for the year are:

- we have set our first science-based targets;
- we have maintained our inclusion in the FTSE4Good indices; maintained our GRESB Green Star rating and achieved a B award from CDP;
- we obtained our second EPRA sBPR Gold award;
- we have donated £316,000 in Community Investment. This consists of free and discounted space and BoxShop products donated and the funds raised by our employees that go to the Big Yellow Foundation;
- we have refreshed our emissions footprint to include Armadillo; and
- delivered three successful work placements in conjunction with our charity partners.

Foundation and charitable activities

The Foundation has continued to support our seven established charity partners during the year. The Foundation has raised funds of £172,000 during the year and has paid out £198,000 in grants, in response to requests for additional funding from some of our charity partners.

Big Yellow's community investment for the year, delivered via discounted space, was £306,000, £284,000 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.

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. During the year the Group's systems were subject to an external audit and achieved IASME Gold certification. This also incorporates Cyber Essentials. The Board receives bi-monthly reports on the Group's IT infrastructure and information security. The Group has not experienced an information security breach in the past three years and has cyber insurance in place in the event that a breach should occur in the future.

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.

The self storage market opportunity

In the recently published 2022 Self Storage Association UK Survey, only 51% of those surveyed had a reasonable or good awareness of self storage. Furthermore, only 8.5% of the 2,057 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 51% in 2022 across the UK (source: UK SSA Survey 2022). Our YouGov Survey carried out in April 2022 showed higher levels of awareness in London of 63%.

Occupancy rates across the UK industry at 31 December 2021 of built space was 83.3%, compared with approximately 60% in December 2008. This has increased from 76.2% at the start of the pandemic.

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 2021, there were seven new store openings, including one Big Yellow store. We are aware of five planned store openings in London in calendar year 2022, including three Big Yellow stores.

The Self Storage Association ("SSA") estimates that the UK industry is made up of approximately 1,429 self storage facilities and 621 purely container operations, providing 52 million sq ft of self storage space, equating to 0.76 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 0.16 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 2022 and FEDESSA European Self Storage Annual Survey 2021).

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

Our 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 69 sq ft compared to 67 sq ft 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.

There has been some debate in the self storage industry around fully automated stores. It is very important for us to maintain a physical, face-to-face interaction with our customers when they arrive at our stores to move-in or move-out. This is imperative to help us achieve our company values of helpfulness, empathy, and flexibility towards our customers. It is also critical for us to monitor and operate a safe working environment for everyone, including our staff. This is akin to renting a car but with some final checks and balances, which require our staff in store.

70% of our new customers have not used self storage before, and they will want to see the storage room for themselves before moving in. We want to be on hand to ensure they are satisfied with their choice and to accommodate them if they are not.



Strategic Report

Marketing and Operational Review (continued)

Face-to-face interactions also allow us to check the individual customer moving in matches the identity documents they have uploaded when checking-in online. From a health and safety perspective, we need our teams at the store to ensure the stores and customers are operating safely. They carry out fire-risk assessments, provide additional business services such as accepting deliveries on behalf of our business customers, manage occupancy levels and deliver ancillary sales of insurance and packing materials.

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 78.9 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 £40,000 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 we benefit 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 41% of move-ins during the year (2021: 39%), split approximately 65/35 between homeowners and renters (2021: 60/40). 12% of our customers who moved in took storage space as a spare room for decluttering (2021: 13%). 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 (2021: 34%). The balance of 13% of our new customer demand during the year came from businesses (2021: 14%).

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 37% of our space is businesses. Businesses occupy larger rooms on average than domestic customers and, despite being in 37% of the occupied space only represent 21% 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 has previously commissioned an external survey 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 over the past two years, 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.

Store performance

The store platform

We now have a portfolio of 105 open and trading stores, with a further 12 development sites. The current maximum lettable area of the 105 stores is 6.1 million sq ft. When fully built out the portfolio will provide approximately 7.1 million sq ft of flexible storage space.

Activity

The tables below show the quarterly move-in and move-out activity over the year for the 81 Big Yellow stores, as we acquired the remaining interest in Armadillo during the year:

	Total move-ins Year ended 31 March 2022	Total move-ins Year ended 31 March 2021	%	Total move-ins Year ended 31 March 2020	%
April to June	20,419	13,560	51	18,950	8
July to September	21,525	20,867	3	20,570	5
October to December	16,541	16,323	1	14,643	13
January to March	15,916	15,616	2	16,498	(4)
Total	74,401	66,366	12	70,661	5

	Total move-outs Year ended 31 March 2022	Total move-outs Year ended 31 March 2021	%	Total move-outs Year ended 31 March 2020	%
April to June	15,226	10,047	52	14,742	3
July to September	22,914	19,128	20	22,520	2
October to December	19,467	17,287	13	17,424	12
January to March	15,840	14,223	11	15,286	4
Total	73,447	60,685	21	69,972	5

The first quarter in the prior year saw a significant decrease in activity caused by the Spring 2020 lockdown. Move-ins and move-outs in the first quarter this year are therefore showing a significant increase on last year, with a more normalised move-in picture in the second quarter. We saw strong demand from domestic customers in the first quarter of this year in part due to the stamp duty holiday tapering off from 1 July. This resulted in an acceleration of housing-related demand in June. We also saw the return of student demand in June as universities looked to re-open their campuses for conferences. Some of this occupancy growth from both the housing and student sectors was relatively short-term, impacting occupancy performance in the second quarter. In the quarter to March activity levels were impacted in the latter part of the quarter by some consumer hesitancy following the invasion of Ukraine. In April 2022, average move-ins per store were up 11% on April 2021, with move-outs up 5%.

In the prior year, move-outs took longer to normalise, hence we are showing an increase in move-outs compared to the year ended 31 March 2021. We have also included the data for the year ended 31 March 2020, which shows more normalised levels of move-ins and move-outs this year compared to that year.

We did see an increase in move-outs in July and October 2021, some of which was related to the gradual tapering off of the stamp duty holiday with key dates being 30 June and 30 September when it ended. Move outs normalised in the fourth quarter compared to 2020.

Move-ins for the Armadillo stores for the year were up 12% on the prior year, and up 12% on 2020, with move-outs up 25% on 2021, and up 12% on 2020.

The average space occupied by business customers at the period end has remained at 180 sq ft. Domestic customers occupy on average 59 sq ft (up from 57 sq ft last year) and pay on average 21% more in rent per sq ft (2021: 22%), however business customers do stay longer and take more space and represent around 32% of revenue (2021: 31%).

Strategic Report

Store performance (continued)

In all Big Yellow stores, occupancy for the year increased by 91,000 sq ft, against an increase of 420,000 sq ft in 2021 and a fall of 29,000 sq ft in 2020. The quarterly movement is shown in the table below:

Quarterly net occupancy movement	Net sq ft year ended 31 March 2022	Net sq ft year ended 31 March 2021	Net sq ft year ended 31 March 2020
April to June	289,000	138,000	125,000
July to September	(18,000)	187,000	(25,000)
October to December	(198,000)	(32,000)	(165,000)
January to March	18,000	127,000	36,000
Total	91,000	420,000	(29,000)

The occupancy performance in the prior year was very strong with the pandemic accelerating many structural changes that were already occurring, such as the move to online retailing and an increase in working from home facilitated by technological advances. In addition, move-outs were below normal levels with customers on average staying longer. These developments, combined with the shortage of quality flexible mini-warehousing space, from which to operate small scale storage and e-fulfilment have been driving our demand. 2020 was impacted by the uncertainty around Brexit, and in the run up to the general election, with the final quarter impacted in March by the onset of the first lockdown.

Nevertheless, this demand was largely deferred, and we have delivered significant occupancy growth over the last two years.

During the current year, we saw record occupancy growth in our first quarter, driven in part by the stamp duty holiday tapering off from 1 July. This resulted in an acceleration of housing-related demand in June, which in turn led to a small loss in occupancy in our second quarter, as we saw some short-term users vacate. The quarter to December saw a return to more normal seasonal losses, with the quarter to March impacted by the uncertainty triggered by the Russian invasion of Ukraine.

The 73 established Big Yellow stores are 86.8% occupied compared to 87.7% at the same time last year. The eight developing Big Yellow stores added 129,000 sq ft of occupancy over the year to reach closing occupancy of 55.4%. The 24 Armadillo stores are 83.1% occupied, compared to 83.8% at this time last year. The occupancy loss for the Armadillo stores includes the impact of the fire at Cheadle (see Financial Review for further detail). Excluding this, the occupancy gain for the Armadillo stores for the year was 2,000 sq ft. Overall store occupancy was 83.7%.

	Occupancy 31 March 2022 %	Occupancy change in year 000 sq ft	Occupancy 31 March 2022 000 sq ft	Occupancy 31 March 2021 000 sq ft
73 established Big Yellow stores	86.8%	(38)	4,027	4,065
8 developing Big Yellow stores	55.4%	129	265	136
All 81 Big Yellow stores	83.9%	91	4,292	4,201
24 Armadillo stores	83.1%	(93)	815	908
All 105 stores	83.7%	(2)	5,107	5,109

With the exception of our recently opened stores at Hayes and Hove, all stores are trading profitably at the EBITDA level. The table below shows the average per store key metrics across the store portfolio (from the portfolio summary on page 34) for the year ended 31 March 2022:

	Established stores	Developing stores	Armadillo stores	All stores
Average store capacity	63,550	59,750	40,875	58,075
Average sq ft occupied at 31 March 2022	55,165	33,125	33,960	48,640
Average % occupancy	86.8%	55.4%	83.1%	83.7%
Average revenue (£000)	2,000	887	849	1,645
Average EBITDA store (£000)	1,468	460	522	1,169
Average EBITDA margin	73.4%	51.9%	61.5%	71.1%

Pricing and net rent per sq ft

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 net achieved rents. Rental growth can also be driven through sub-dividing larger rooms into smaller rooms, which yield a higher net rent per sq ft. We have increased our scheduled rents in line with current inflation.

As a result of these changes, given our higher levels of occupancy, we are seeing improving growth in net rent per sq ft. The average achieved net rent per sq ft increased for Big Yellow stores by 8% compared to the prior year, with closing net rent up 10% compared to 31 March 2021. The average achieved net rent per sq ft grew by 10% from last year in the Armadillo stores and closing net rent per sq ft increased by 11% from 31 March 2021.

The table below shows the change in net rent per sq ft for the combined Big Yellow and Armadillo portfolio by average occupancy over the six months (on a non-weighted basis). The analysis excludes our most recent store openings.

Average occupancy in the year	Number of stores	Net rent per sq ft growth from April 2021 to March 2022	Net rent per sq ft growth from April 2020 to March 2021
75% to 85%	24	10.8%	1.3%
85% to 90%	49	11.7%	2.5%
Above 90%	24	13.0%	4.4%

Development pipeline

We own 12 development sites, seven of which have planning consent. The status of the Group's development pipeline is summarised in the table below:

Site	Location	Status	Anticipated capacity
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 commenced in June 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. Demolition commenced in January 2021 with a view to opening in Summer 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, unlikely to be before July 2023.	70,000 sq ft
Queensbury, London	Prominent location off Honeypot Lane	Site acquired in November 2018. Planning consent granted in November 2019 for 58,000 sq ft store. Planning application submitted in 2021 to increase floor area by 12,000 sq ft. Planning consent granted in January 2022. Our current intention is to open the store in Summer 2024.	70,000 sq ft
Slough	Prominent location on Bath Road	Site acquired in April 2019. Planning consent granted in October 2021. Our current intention is to open this store in Summer 2024.	90,000 sq ft
Wapping, London	Prominent location on the Highway, adjacent to existing Big Yellow	Site acquired in July 2020. Planning application submitted in November 2021.	Additional 95,000 sq ft
Staines, London	Prominent location on the Causeway	Site acquired in December 2020. Planning application submitted in January 2022.	65,000 sq ft
Epsom, London	Prominent location on East Street	Site acquired in March 2021. Planning application to be submitted in Summer 2022.	56,000 sq ft
Kentish Town, London	Prominent location on Regis Road	Site acquired in April 2021. Planning application to be submitted in Summer 2022.	68,000 sq ft
West Kensington, London	Prominent location on Hammersmith Road	Site acquired in June 2021. Planning application to be submitted in Summer 2022.	175,000 sq ft
Newcastle	Prominent location on Scotswood Road	Planning consent granted in October 2021.	60,000 sq ft
Total			993,000 sq ft

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

Strategic Report

Portfolio summary

	March 2022					March 2021 ⁽⁵⁾				
	Big Yellow Established ⁽¹⁾	Big Yellow Developing	Total Big Yellow	Armadillo ⁽²⁾	Total	Big Yellow Established	Big Yellow Developing	Total Big Yellow	Armadillo	Total
Number of stores	73	8	81	24	105	73	5	78	25	103
At 31 March:										
Total capacity (sq ft)	4,639,000	478,000	5,117,000	981,000	6,098,000	4,636,000	294,000	4,930,000	1,083,000	6,013,000
Occupied space (sq ft)	4,027,000	265,000	4,292,000	815,000	5,107,000	4,065,000	136,000	4,201,000	908,000	5,109,000
Percentage occupied	86.8%	55.4%	83.9%	83.1%	83.7%	87.7%	46.3%	85.2%	83.8%	85.0%
Net rent per sq ft	£31.91	£28.76	£31.71	£20.45	£29.92	£28.83	£25.06	£28.71	£18.38	£26.88
For the year:										
REVPAF ⁽³⁾	£31.47	£19.90	£30.64	£19.83	£28.73	£28.47	£9.75	£27.44	£16.75	£25.50
Average occupancy	89.0%	58.9%	86.9%	86.0%	86.7%	86.4%	28.6%	83.2%	79.5%	82.6%
Average annual net rent psf	£30.51	£27.16	£30.35	£19.69	£28.48	£28.20	£25.78	£28.16	£17.85	£26.35
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Self storage income	126,022	5,717	131,739	18,137	149,876	111,190	1,929	113,119	15,263	128,382
Other storage related income ⁽³⁾	19,266	1,157	20,423	3,080	23,503	18,075	488	18,563	2,680	21,243
Ancillary store rental income	698	225	923	19	942	667	119	786	59	845
Total store revenue	145,986	7,099	153,085	21,236	174,321	129,932	2,536	132,468	18,002	150,470
Direct store operating costs (excluding depreciation)	(36,900)	(3,418)	(40,318)	(7,614)	(47,932)	(36,817)	(1,826)	(38,643)	(7,000)	(45,643)
Short and long leasehold rent ⁽⁴⁾	(1,934)	–	(1,934)	(564)	(2,498)	(1,944)	–	(1,944)	(554)	(2,498)
Store EBITDA ^(3,5)	107,152	3,681	110,833	13,058	123,891	91,171	710	91,881	10,448	102,329
Store EBITDA margin	73.4%	51.9%	72.4%	61.5%	71.1%	70.2%	28.0%	69.4%	58.0%	68.0%
Deemed cost	£m	£m	£m	£m	£m					
To 31 March 2022	626.3	134.3	760.6	134.3	894.9					
Capex to complete	–	0.9	0.9	2.5	3.4					
Total	626.3	135.2	761.5	136.8	898.3					

⁽¹⁾ The Big Yellow established stores have been open for more than three years at 1 April 2021, and the developing stores have been open for fewer than three years at 1 April 2021.

⁽²⁾ Armadillo's Cheadle store was destroyed by fire in February 2022. It is excluded from the closing occupancy and capacity figures, however its average occupancy, average net rent per sq ft, revenue and operating costs are included in the portfolio summary up to the date of the fire.

⁽³⁾ See glossary in note 33.

⁽⁴⁾ Rent under IFRS 16 for eight short leasehold properties accounted for as investment properties and right-of-use assets under IFRS.

Our Big Yellow stores

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



Hove, March 2022
MLA - 58,000 sq ft



Hayes, January 2022
MLA - 73,000 sq ft



Uxbridge, June 2021
MLA - 54,000 sq ft



Battersea, November 2020
MLA - 70,000 sq ft



Bracknell, September 2020
MLA - 59,000 sq ft



Camberwell, July 2020
MLA - 75,000 sq ft



Manchester, May 2019
MLA - 60,000 sq ft



Wapping, July 2018
MLA - 30,000 sq ft



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



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



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



Cambridge, January 2016
MLA - 60,000 sq ft



Enfield, April 2015
MLA - 60,000 sq ft



Chester, February 2015
MLA - 69,000 sq ft



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



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



Chiswick, April 2012
MLA - 73,000 sq ft



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



Stockport, September 2011
MLA - 65,000 sq ft



Eitham, April 2011
MLA - 70,000 sq ft



Camberley, January 2011
MLA - 67,000 sq ft



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



Reading, December 2009
MLA - 62,000 sq ft



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



Poole, August 2009
MLA - 55,000 sq ft



Nottingham, August 2009
MLA - 67,000 sq ft



Edinburgh, July 2009
MLA - 63,000 sq ft



Twickenham, May 2009
MLA - 73,000 sq ft



Liverpool, March 2009
MLA - 60,000 sq ft



Bromley, March 2009
MLA - 71,000 sq ft



Birmingham, February 2009
MLA - 60,000 sq ft



Sheen, December 2008
MLA - 64,000 sq ft



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



Kennington, May 2008
MLA - 66,000 sq ft



Merton, March 2008
MLA - 70,000 sq ft



Fulham, March 2008
MLA - 138,000 sq ft



Balham, March 2008
MLA - 61,000 sq ft



Barking, November 2007
MLA - 64,000 sq ft



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



Sutton, July 2007
MLA - 70,000 sq ft



Gloucester, December 2006
MLA - 50,000 sq ft



Edmonton, October 2006
MLA - 75,000 sq ft



Kingston, August 2006
MLA - 62,000 sq ft



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



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



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



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



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



Leeds, July 2005
MLA - 76,000 sq ft



Beckenham, May 2005
MLA - 71,000 sq ft



Tolworth, November 2004
MLA - 56,000 sq ft



Watford, August 2004
MLA - 64,000 sq ft



Swindon, April 2004
MLA - 53,000 sq ft



Orpington, December 2003
MLA - 64,000 sq ft



Byfleet, November 2003
MLA - 48,000 sq ft



Chelmsford, April 2003
MLA - 54,000 sq ft



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



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



Colchester, December 2002
MLA - 54,000 sq ft



Bow, November 2002
MLA - 132,000 sq ft



Brighton, October 2002
MLA - 59,000 sq ft



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



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



Hounslow, December 2001
MLA - 54,000 sq ft



Ilford, November 2001
MLA - 58,000 sq ft



Cardiff, October 2001
MLA - 74,000 sq ft



Portsmouth, October 2001
MLA - 61,000 sq ft



Norwich, September 2001
MLA - 47,000 sq ft



Dagenham, July 2001
MLA - 51,000 sq ft



Wandsworth, April 2001
MLA - 72,000 sq ft



Luton, March 2001
MLA - 41,000 sq ft



Southend, March 2001
MLA - 57,000 sq ft



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



Romford, November 2000
MLA - 70,000 sq ft



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



Cheltenham, April 2000
MLA - 50,000 sq ft



Slough, February 2000
MLA - 67,000 sq ft



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



Oxford, August 1999
MLA - 33,000 sq ft



Croydon, July 1999
MLA - 79,000 sq ft



Richmond, May 1999
MLA - 35,000 sq ft

Portfolio summary (continued)

⁽⁵⁾ The Group acquired the 80% of the Armadillo Partnerships that it did not previously own on 1 July 2021. The results of the stores in the Partnerships have been included in the results above for both years to give a clearer understanding of the performance of all stores. The table below shows the results excluding the period when the stores were not wholly owned:

	2022			2021		
	Per above £000	Armadillo results as an associate £000	Statutory £000	Per above £000	Armadillo results as an associate £000	Statutory £000
Store revenue	174,321	(5,046)	169,275	150,470	(18,002)	132,468
Direct store operating costs	(47,932)	1,908	(46,024)	(45,643)	7,000	(38,643)
Rent	(2,498)	150	(2,348)	(2,498)	554	(1,944)
Store EBITDA	123,891	(2,988)	120,903	102,329	(10,448)	91,881

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

	Year ended 31 March 2022 £000			Year ended 31 March 2021 £000		
	Store EBITDA	Reconciling items	Gross profit per statement of comprehensive income	Store EBITDA	Reconciling items	Gross profit per statement of comprehensive income
Store revenue/Revenue ⁽⁶⁾	169,275	2,043	171,318	132,468	2,773	135,241
Cost of sales ⁽⁷⁾	(46,024)	(4,359)	(50,383)	(38,643)	(2,946)	(41,589)
Rent ⁽⁸⁾	(2,348)	2,348	–	(1,944)	1,944	–
	120,903	32	120,935	91,881	1,771	93,652

⁽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 41.

⁽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.

Strategic Report

Financial Review

Financial results

Armadillo

As explained above, the Group acquired the remaining interest in Armadillo which it did not previously own on 1 July 2021. Armadillo currently consists of 24 stores with a maximum lettable area of 1.0 million sq ft.

Revenue

Total revenue for the year was £171.3 million, an increase of £36.1 million (27%) from £135.2 million in the prior year. Like-for-like store revenue for the year was £148.1 million, an increase of 13% from the prior year (2021: £131.1 million). Like-for-like revenue excludes our six most recent Big Yellow store openings and the Armadillo stores. The revenue from the Armadillo stores for the nine months from acquisition of the remaining interest on 1 July 2021 to 31 March 2022 was £16.2 million.

Other sales comprise the selling of packing materials, insurance, and storage related charges. We saw growth of 13% in packing material sales during the year, with the prior year's sales impacted by the Spring lockdown. Insurance sales have also seen strong year-on-year growth, with improvements made to the average value insured.

The other revenue earned by the Group is management fee income from Armadillo (up to 30 June 2021) and tenant income on sites where we have not started development.

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 table below shows the breakdown of both Big Yellow's and Armadillo's store operating costs compared to the prior year, with Armadillo's costs included in full in both years:

Category	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000	Change	% of store operating costs in 2022
Cost of sales (insurance and packing materials)	3,896	3,549	10%	8%
Staff costs	14,133	13,575	4%	29%
General & admin	1,992	1,541	29%	4%
Utilities	2,274	1,961	16%	5%
Property rates	13,775	13,318	3%	28%
Marketing	6,632	6,433	3%	14%
Repairs & maintenance	4,200	3,687	14%	9%
Insurance	1,211	1,049	15%	2%
Computer costs	618	530	17%	1%
Total before one-off items	48,731	45,643	7%	
One-off items	(799)	–		
Total per portfolio summary	47,932	45,643	5%	

Store operating costs have increased by £2.3 million (5%). The one-off items in the current year relate to rates rebate on a number of stores, totalling £0.8 million, following appeals of the 2017 rating list assessment. Store operating costs before these one-off items have increased by £3.1 million (7%) compared to the prior year, of which £1.4 million (3%) is in relation to recently opened stores. The remaining increase of £1.7 million (4%) can be explained as follows:

- Cost of sales have increased in line with the proportionate increase in ancillary sales in the year.
- General and admin expenses have increased as 2021 had significantly less travel expense during the lockdown period.

- The utilities expenditure has principally increased due to new stores.
- Marketing has increased by £0.2 million, with the 2021 cost reflecting lower search costs and traffic levels during the Spring lockdown.
- The repairs and maintenance expenditure has increased by £0.5 million, partly due to the increase in store numbers, increased investment in CCTV monitoring security overnight, and we carried out less maintenance work during the 2020 Spring lockdown.
- The insurance cost has increased due to an increase in the amounts insured for loss of income and reinstatement values and new stores.

Looking forward, we do see some inflationary pressures on our costs. Our store salary review for the year ending 31 March 2023 averaged 5%, with the lower paid staff seeing increases of on average 7%. The Rating Revaluation in 2023 is likely to result in an above inflationary increase to the Group's property rates for the year ending 31 March 2024, given the increase in industrial rents over the past few years.

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 2022 £000	Year ended 31 March 2021 £000
Direct store operating costs per portfolio summary (excluding rent)	47,932	45,643
Rent included in cost of sales (total rent payable is included in portfolio summary)	1,633	1,272
Rent review accruals	607	445
Depreciation charged to cost of sales	378	320
Head office and other operational management costs charged to cost of sales	1,741	909
Armadillo cost of sales pre acquisition of remaining interest	(1,908)	(7,000)
Cost of sales per statement of comprehensive income	50,383	41,589

Store EBITDA

Store EBITDA for the Big Yellow stores for the year was £110.8 million, an increase of £18.9 million (21%) from £91.9 million for the prior year (see portfolio summary). The overall EBITDA margin for all Big Yellow stores during the year was 72.4%, up from 69.4% in 2021.

The EBITDA for the Armadillo stores for the year was £13.1 million, an increase of £2.7 million (26%) from £10.4 million in 2021, with the margin increasing to 61.5% from 58.0%.

The store EBITDA in the year for Big Yellow stores and for the Armadillo stores from 1 July 2021 to 31 March 2022 was £120.9 million.

All stores are currently trading profitably at the Store EBITDA level, except for our recently opened stores in Hayes and Hove.

Administrative expenses

Administrative expenses in the statement of comprehensive income of £14.4 million were up £2.2 million compared to the prior year. £0.4 million of this increase is due to the write-off of acquisition costs in relation to the purchase of the remaining interest in Armadillo in accordance with IFRS 3. This is an adjusting item in the calculation of the Group's adjusted profit before tax.

The remaining increase of £1.8 million is principally due an increase in the share-based payments charge (£0.5 million), an increase in national insurance on LTIPs (£0.5 million), both up due to the increase in the Company's share price during the year, with the balance of £0.8 million due to an increase in travel costs (with 2021's expense reduced by lockdowns), increased investment in IT, with the balance inflationary.

The non-cash share-based payments charge represents £3.4 million of the overall £14.4 million expense (2021: £2.9 million of £12.2 million expense).

Interest expense on bank borrowings

The gross bank interest expense for the year was £11.8 million, an increase of £2.4 million from the prior year, due to higher average debt levels in the year, in part due to the acquisition of Armadillo and the consolidation of its debt from 1 July 2021. The average cost of borrowing during the year was 2.8% compared to 2.9% in the prior year.

Capitalised interest on our construction programme was broadly in line with the prior year at £2.1 million.

Total finance costs in the statement of comprehensive income increased to £10.6 million from £8.2 million in the prior year.

Profit before tax

The Group made a profit before tax in the year of £698.9 million, compared to a profit of £265.8 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 £96.8 million, up 30% from £74.6 million in 2021.

	2022 £000	2021 £000
Profit before tax analysis		
Profit before tax	698,876	265,822
Gain on revaluation of investment properties	(597,224)	(189,277)
Gain on disposal of investment property	(584)	–
Acquisition costs written off	416	–
Movement in fair value on interest rate derivatives	(1,389)	148
Share of associate fair value gains and losses	(3,293)	(2,068)
Adjusted profit before tax	96,802	74,625

The gain on disposal of investment property relates to an overage received from the previous sale of land adjacent to our Guildford Central store.

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 2021	74.6
Increase in gross profit	27.3
Increase in administrative expenses	(1.8)
Increase in net interest payable	(2.6)
Reduction in capitalised interest	(0.1)
Reduction in share of adjusted profit of associates	(0.6)
Adjusted profit before tax – year ended 31 March 2022	96.8

Basic earnings per share for the year was 385.4p (2021: 152.3p) and fully diluted earnings per share was 384.2p (2021: 151.8p). Diluted EPRA earnings per share based on adjusted profit after tax was up 24% to 52.5p (2021: 42.4p) (see note 12). 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.

Strategic Report

Financial Review (continued)

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 Armadillo stores joined our REIT group on acquisition of the remaining interest, allowing us to write back the deferred tax that had been provided on previous revaluation uplifts.

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 £1.6 million. This compares to a charge in the prior year of £0.6 million. The increase in the current year tax charge reflects the significant increase in the Group's non-exempt taxable profits from the sale of insurance and packing materials over the year.

Dividends

The Board is recommending the payment of a final dividend of 21.4 pence per share in addition to the interim dividend of 20.6 pence, giving a total dividend for the year of 42.0 pence, an increase of 24% from the prior year, in line with our policy to distribute a minimum of 80% of our adjusted earnings per share in each reporting period.

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 42.0p pence per share is payable (31 March 2021: 32.0 pence). The PID for the year to 31 March 2022 accounts for all of the declared dividend. The table below summarises the declared dividend for the year:

Dividend (pence per share)	31 March 2022	31 March 2021
Interim dividend – PID	20.6p	17.0p
– discretionary	nil p	nil p
– total	20.6p	17.0p
Final dividend – PID	21.4p	15.0p
– discretionary	nil p	2.0p
– total	21.4p	17.0p
Total dividend – PID	42.0p	32.0p
– discretionary	nil p	2.0p
– total	42.0p	34.0p

Subject to approval by shareholders at the Annual General Meeting to be held on 21 July 2022, the final dividend will be paid on 29 July 2022. The ex-div date is 7 July 2022 and the record date is 8 July 2022.

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 £107.1 million, an increase of 40% from £76.7 million in the prior year. This reflects the Group's increase in profitability and also some favourable working capital movements in the year.

These operating cash flows are after the ongoing maintenance costs of the stores, which for were on average approximately £40,000 per store. The Group's net debt has increased over the period to £411.8 million (March 2021: £325.0 million), with the majority of the increase due to the debt within Armadillo now being consolidated.

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Cash generated from operations	120,390	87,131
Net finance costs	(10,761)	(8,824)
Interest on obligations under lease liabilities	(843)	(722)
Tax	(1,649)	(823)
Cash flow from operating activities	107,137	76,712
Capital expenditure	(105,151)	(73,010)
Acquisition of Armadillo	(66,679)	–
Disposal of investment property	584	–
Investment	(138)	(450)
Receipt from Capital Goods Scheme	381	737
Dividends received from associates	435	688
Cash flow after investing activities	(63,431)	4,677
Ordinary dividends	(68,698)	(58,808)
Issue of share capital	98,514	80,772
Payment of lease liabilities	(1,384)	(1,009)
Loan arrangement fees paid	(953)	–
Increase/(decrease) in borrowings	32,235	(64,728)
Net cash outflow	(3,717)	(39,096)
Opening cash and cash equivalents	12,322	51,418
Closing cash and cash equivalents	8,605	12,322
Closing debt	(420,435)	(337,300)
Closing net debt	(411,830)	(324,978)

The Group's interest cover for the period (expressed as the ratio of cash generated from operations pre-working capital movements against interest paid) was 10.5 times (2021: 9.8 times).

In the year capital expenditure outflows were £105.2 million, up from £73.0 million in the prior year. Of the capital expenditure in the year £51.0 million is for the acquisition of West Kensington, Kentish Town, and Epsom (including acquisition costs), with £54.2 million principally relating to build costs of the new stores.

The cash flow after investing activities was a net outflow of £63.4 million in the year, compared to an inflow of £4.7 million in 2021, with the difference largely explained by the purchase of the remaining interest in Armadillo during the year.

Balance sheet

Property

The Group's open stores and stores under development owned at 31 March 2022, which are classified as investment properties, have been valued individually by JLL. JLL were appointed as valuers during the year, with the Board taking heed of the recommendations of the Gray report, with the previous valuer having acted for the Group for more than the recommended nine-year term. JLL have previously been valuing the Armadillo stores prior to acquisition.

The external valuation has resulted in an investment property asset value of £2.628 billion, comprising £2.301 billion (87%) for the freehold (including nine long leaseholds) open stores, £41.2 million (2%) for the short leasehold open stores and £285.4 million (11%) for the freehold investment properties under construction.

The table below provides a further breakdown of the valuations:

	Established		Developing		Armadillo	Total
	Freehold	Leasehold	Freehold	Largely Freehold		
Number of stores	67	6	8	24		105
MLA capacity (sq ft)	4,295,000	344,000	478,000	981,000		6,098,000
Valuation at 31 March 2022 (£m)	£1,872.8	£36.9	£236.6	£155.0		£2,301.3
Value per sq ft	£436	£107	£495	£158		£377
Occupancy at 31 March 2022	86.8%	86.6%	55.4%	83.1%		83.7%
Stabilised occupancy assumed	89.0%	88.1%	86.9%	87.2%		88.3%
Net initial year one yield	5.1%	13.4%	3.2%	8.0%		5.2%

The net initial year one yield is 5.2% (2021: 5.9%). Note 15 contains more detail on the assumptions underpinning the valuations. The difference between the valuation in the table above and the investment property valuation in the balance sheet is the valuation of non-self storage investment property at certain of the Group's sites.

Investment property under construction

The investment property under construction valuation has increased by £121.9 million in the year. Capital expenditure accounts for £95.5 million of this increase, notably on the site purchases of West Kensington and Kentish Town, and construction expenditure, principally on Uxbridge, Hayes, Hove, Harrow, Kingston North, and Kings Cross. This has been offset by Uxbridge, Hayes and Hove transferring to open stores.

The valuation movement on the investment property under construction is a surplus of £67.5 million, driven by an improvement in the market view of development assets, coupled with a significant valuation uplift on the industrial units being developed adjacent to our Harrow store, which is due to open this Summer.

Investment property

The valuations in the current year have increased significantly from the prior year, with a revaluation surplus of £529.7 million arising on the open 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 5.5% in the current year, compared to 5.7% in the prior year.

Analysis of property portfolio	Value at 31 March 2022 (£m)	Revaluation movement in the year (£m)
Investment property – Big Yellow stores	2,186.8	514.6
Investment property – Armadillo stores	155.4	15.1
Investment property – Big Yellow and Armadillo stores	2,342.2	529.7
Investment property under construction	285.4	67.5
Investment property total	2,627.6	597.2

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 2022 of £2,728.2 million (£100.6 million higher than the value recorded in the financial statements). This translates to 54.6 pence per share. This revised valuation translates into an adjusted net asset value per share of 1,239.7 pence (2021: 904.7 pence after adjusting for the placing) after the dilutive effect of outstanding share options.

Strategic Report

Financial Review (continued)

Cheadle fire

In February 2022 we experienced a fire at our Cheadle store, which resulted in a total loss to the store. The cause of the fire was arson. This was a very difficult time for all our affected customers and some of the possessions stored with us can never be replaced, and we are very saddened that this incident occurred.

The store was a leasehold with five years remaining on the lease, and the balance sheet cost of this store was £4.3 million. Buildings all risk insurance is in place for the full reinstatement value with the landlord. We also have insurance cover in place for both our fit-out and four years loss of income. The first month's loss of income insurance has been recognised in revenue at the year end.

The lease liability and right-of-use asset have been written off reflecting the lack of certainty as to when the Group's obligations to pay rent under the lease will resume. The balance sheet value of the store has also been impaired to nil.

Receivables

The Group's bad debt expense in the year represented 0.1% of store revenue compared to 0.1% in the prior year, with 81% of our customer base paying by direct debit.

At 31 March 2022 we have a receivable of £0.2 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 £15.6 million to date under the Scheme, of which £0.4 million was received in the year.

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 table below summarises the Group's debt facilities at 31 March 2022. The average cost of debt is 3.1% (March 2021: 2.6%).

Debt	Expiry	Facility	Drawn	Average interest cost
Aviva Loan	September 2028	£161.9 million	£161.9 million	3.5%
M&G loan	June 2023	£120 million	£120 million	2.9%
Revolving bank facility (Lloyds, HSBC, and Bank of Ireland)	October 2024	£240 million	£99 million	2.7%
Armadillo bank loans (Lloyds)	April 2023	£52.7 million	£39.5 million	3.1%
Total	Average term 3.4 years	£574.6 million	£420.4 million	3.1%

Net asset value

The adjusted net asset value is 1,239.7 pence per share (see note 13), up 37% from 904.7 pence per share at 31 March 2021 (after adjusting for the June 2021 share placing). The table below reconciles the movement:

Movement in adjusted net asset value	£m	Adjusted NAV pence per share
31 March 2021	1,566.6	889.2
Share placing	97.6	15.5
31 March 2021 (rebased)	1,664.2	904.7
Adjusted profit after tax	95.2	51.8
Equity dividends paid	(68.7)	(37.3)
Revaluation movements (including share of associate to 30 June 2021)	598.8	325.0
Movement in purchaser's cost adjustment	(9.8)	(5.3)
Other movements (e.g. share schemes)	4.5	0.8
31 March 2022	2,284.2	1,239.7

Despite the significant revaluation gain during the year, the movement in the purchaser's cost adjustment is negative. This is due to a different treatment of purchaser's costs in the valuation model of JLL, who were appointed valuers in the year compared to that of their predecessor CBRE (see notes 13 and 15 for further detail).

During the year, the Group signed an additional £50 million seven year debt facility with Aviva. As part of this refinancing the expiry of the existing loan was extended from April 2027 to September 2028. This reduced the fixed cost of the total Aviva loan facility from 4.0% to 3.5%.

Sustainability KPIs have been incorporated into this additional borrowing. These include the continued installation of solar panels across the security stores which will reduce emissions and running costs, and the business being on-track to achieve 'Net Renewable Energy Positive' status by 2030. The Group will benefit from a margin reduction on the new £50 million loan, conditional on achieving these targets.

The total debt facilities from Aviva are now £161.9 million of which £16.9 million amortises to nil by April 2027.

The Group also increased the facilities of its M&G loan by £50 million to a total facility of £120 million. £35 million of the total M&G loan is fixed by a way of swap, with the balance floating. The average cost of the M&G loan is now 2.9%, with the loan expiring in June 2023. The Group intends to refinance this loan with M&G during the summer of 2022.

The Group has credit approval from a new insurance lender to provide additional longer term debt facilities. These facilities would be used to repay the Armadillo bank loans which expire next year, and thereafter to increase the Group's overall debt capacity.

The Group has committed undrawn bank facilities of £154 million, which if drawn would carry a current marginal cost of debt of approximately 2.25%.

The Group was comfortably in compliance with its banking covenants at 31 March 2022. Further details of the Group's covenants are provided in note 19 of the accounts. The Group's key financial ratios are shown in the table below:

Metric	31 March 2022	31 March 2021
Net Debt / Gross Property Assets	16%	18%
Net Debt / Adjusted Net Assets	18%	21%
Net Debt / Market Capitalisation	15%	17%
Pre-Interest Operating Cash Flow Cover	10.5x	9.9x

At 31 March 2022, the fair value on the Group's interest rate derivatives was an asset of £0.9 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 £18.4 million at 31 March 2022 (2021: £17.6 million), consisting of 183,967,378 ordinary shares of 10p each (2021: 175,880,470 shares). 7.8 million shares were issued in June 2021 in a placing to fund the strategic Armadillo and West Kensington acquisitions. 0.3 million shares were issued for the exercise of options during the year at an average exercise price of £14.84 (2021: 0.4 million shares at an average price of £10.64).

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.

	2022 No.	2021 No.
Opening shares	175,880,470	167,138,527
Shares issued in placing	7,751,938	8,335,043
Shares issued for the exercise of options	334,970	406,900
Closing shares in issue	183,967,378	175,880,470
Shares held in EBT	(1,122,907)	(1,122,907)
Closing shares for NAV purposes	182,844,471	174,757,563

85.4 million shares were traded in the market during the year ended 31 March 2022 (2021: 86.8 million). The average mid-market price of shares traded during the year was £14.37 with a high of £17.24 and a low of £11.34.



Manchester, May 2019
MLA - 60,000 sq ft

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>Self storage market risk</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, and awareness has increased during the past two years of the pandemic.</p> <p>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 past two years of the pandemic has been strong. We believe that this performance is due to a combination of factors including:</p> <ul style="list-style-type: none"> ▪ a prime portfolio of freehold properties; ▪ a focus on London and the South East and other large metropolitan cities, where the drivers in the self storage market are at their strongest and the barriers to competition are at their highest; ▪ the strength of operational and sales management; ▪ continuing innovation to deliver the highest levels of customer service; ▪ delivering on our strong ESG commitments; ▪ the UK's leading self storage brand, with high and growing public awareness and online strength; and ▪ strong cash flow generation and high operating margins, from a secure capital structure. <p>We have a large current storage customer base occupying approximately 73,000 rooms spread across the portfolio of stores and hundreds of thousands more who have used our stores 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 UK economy rebounded in 2021 following the pandemic-induced economic contraction in 2020.</p> <p>The lifting of restrictions and the roll-out of vaccines led 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 Russian invasion of Ukraine has caused significant global uncertainty and the impact this will have on economic growth is unclear. The invasion has also added more weight to inflationary pressures from the reopening of the economy and rising energy prices, which may impact consumer spending.</p>

Risk and impact	Mitigation	Change during the year and outlook
<p>Property risk</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 is increasingly dependent on Social or Environmental enhanced features (e.g. social enterprise at Battersea, BREEM 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. We have recently commissioned a new benchmarking exercise on our construction costs and will report on the results next year.</p>	<p>The Group has acquired eight sites over the past three years, taking its total pipeline to 12 sites which, when opened, would expand the Group's current MLA by 16%.</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>We currently have planning consent on seven of the 12 development sites.</p>
<p>Valuation risk</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 73,000 rooms currently occupied in 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 £530 million in the year (an uplift of 29%), due to an improvement in underlying cash flows used in the valuations, coupled with cap rate improvement.</p> <p>There have been a number of larger portfolio transactions across Europe over the past two years, and there is a weight of institutional money looking to invest in self storage. This has led to the reduction in cap rates across the sector.</p>

Strategic Report

Principal risks and uncertainties (continued)

Risk and impact	Mitigation	Change during the year and outlook
<p>Treasury risk</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 6 and half years remaining. This loan was increased by £50 million in September 2021. Our on-site solar generation plans helped us in securing a lower margin on this tranche of debt.</p> <p>The Group has a £120 million loan from M&G Investments, which is repayable in 2023. The Group intends to refinance this loan with M&G during Summer 2022. 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 2022 53% of the Group's total drawn 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 Bank of England base rate has been increased four times in recent months, with it currently at 100bps, up from 10bps. The long-term forecast is for rates to rise from these levels, with rising inflation. 47% of the Group's drawn debt is floating, and hence the Group has experienced additional cost from these recent increases in the base rate.</p> <p>Debt providers currently remain supportive to companies with a strong capital structure, as evidenced by the Group adding additional debt from Aviva and M&G over the year. That said, the current environment has put pressure on banks' margins, with a potential future increase in cost to the Group.</p> <p>The Group's interest cover ratio for the year ended 31 March 2022 was 10.5 times, comfortably ahead of our internal target of 5 times and ahead of our banking covenants, as disclosed in note 19.</p>
<p>Tax and regulatory risk</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 is likely to 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, to take effect from April 2023, 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>

Risk and impact	Mitigation	Change during the year and outlook
<p>Human resources risk</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>The Group carried out an engagement survey of its employees during the year, which showed very pleasing results of the level of engagement of our teams.</p> <p>We have listened to the feedback from our employees raised during our engagement survey and made a number of changes to the Group's operations, including two days a week working from home for our head office team, reducing our store opening hours and the payment of a lone trading bonus for store staff.</p>
<p>Brand and reputation risk</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 effectively deal with a major incident.</p> <p>As mentioned previously, we experienced a fire caused by arson at our Armadillo Cheadle store in February 2022. Our crisis response team worked effectively in managing the incident.</p>
<p>Security risk</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 Big Yellow 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 have further invested in security improvements in our stores during the year.</p> <p>We regularly review and implement improvements to our security processes and procedures.</p>

Strategic Report

Principal risks and uncertainties (continued)

Risk and impact	Mitigation	Change during the year and outlook
<p>Cyber risk</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>Climate change related risk</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 our 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 eight years is expected to mitigate fully against taxation (carbon tax) risk and reputational risks (both investors and customers).</p>	<p>Our Sustainability Committee, chaired by a Non-Executive Director, last year 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 will allow us to continue to mitigate the effects.</p>

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 2022 the Group had available liquidity of approximately £163 million, from a combination of cash and undrawn bank debt facilities. The Group is cash generative and for the year ended 31 March 2022, had operational cash flow of £107.1 million, with capital commitments at the balance sheet date of £20.9 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 2023 and projections contained in the longer-term business plan which cover the period to March 2026. 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.

The Group has total facilities of £52.7 million secured on the Armadillo portfolios with Lloyds Bank plc. These facilities expire in April 2023. The Group has received credit approval from a new insurance debt provider to refinance these loans and provide additional headroom on our facilities with longer duration fixed debt; this is currently being documented.

The Group has a £120 million loan with M&G Investments Limited, with a bullet repayment in June 2023. The Group intends to refinance this loan with M&G this summer.

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 current economic environment, taking into account the trading performance of the Group from the onset of the Covid-19 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 2026. 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 the current economic environment 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 2026.

Climate change risks and opportunities

TCFD compliance statement

The Board is pleased to confirm that, for the year ended 31 March 2022, Big Yellow's climate related risks and opportunities disclosures are reported in a TCFD framework. We have started the journey to net zero last year with the launch of our Net Renewable Energy Positive ("NREP") and Net Zero Strategy. With the support of our external partner, Atos, we have published science-based near- and mid-term targets, which we will submit to the SBTi in July 2022.

We have made good progress on our strategy to decarbonise our business by removing gas boilers and have commenced our 3 year programme to retrofit solar panels on our existing stores.

We had conducted an assessment of risks and opportunities and their potential financial impacts; the output of this assessment informed our NREP and Net Zero strategies.

With the acquisition of the remaining interest in Armadillo on 1 July 2021 we refreshed our flood risk assessment for our combined estate. Moving forward, we will want to also refresh the temperature projections for our Armadillo stores to deliver a holistic view of the risks to our business. We also intend to work closely with our suppliers to better quantify and jointly tackle embodied emissions in our buildings. For specific actions on Scope 1 and 2 initiatives, please refer to our strategy document <https://corporate.bigyellow.co.uk/sustainability/strategy>. We also intend to evolve our reporting under the TCFD recommendations and recommended disclosures.

Task Force on Climate-Related Financial Disclosure ("TCFD") – Risks and Opportunities

During the year, the Sustainability Committee met twice to review the Group's sustainability framework and strategy; to monitor its sustainability performance; and to provide guidance on emerging environmental issues, including environmental risks, and their impact on the Group's business.

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

With the acquisition of Armadillo in July 2021 we are now integrating the Armadillo stores into the Big Yellow risk management framework and the NREP and Net Zero Emissions Strategy, and expect to complete that within the next 12 months. The Armadillo portfolio is being brought under the umbrella strategy, which has resulted in a re-baselining activity that we will report against in future years.

Strategic Report

Climate change risks and opportunities (continued)**Governance**

Our Chief Executive has overall responsibility for climate-related risks and opportunities. Ongoing oversight of climate-related issues is carried out by our Sustainability Committee, chaired by our Non-Executive Director for Sustainability, and attended by our Head of CSR and the Executive Leadership Team. The Sustainability Committee meets twice yearly. The Board is updated on relevant aspects of our sustainability strategy bi-monthly. In addition, climate-related risk has been defined as a principal risk and managed as part of our standard business risk process.

Worth noting:

- We are already at 1.0 degree warming.
- To minimise global warming to 1.5/2.0 degrees is likely to require policy and technical changes.
- Physical risks and transition risks are inversely related, meaning physical risks increase in significance if a transition to a low carbon economy does not occur and vice versa.
- Companies who have already undertaken scenario analyses have found it helpful to produce scenarios for (a) physical changes and (b) transition risks.



Our [Managing Climate Related Risks and Opportunities](https://corporate.bigyellow.co.uk/application/files/9616/5235/3338/Managing_Climate_Related_Risks_and_Opportunities_2022.pdf) document sets out our internal processes:

For more on governance, please see: <https://corporate.bigyellow.co.uk/application/files/4016/1522/7105/Big-Yellow-ESG-Governance-2021.pdf>

Strategy

As a real estate company, our business is exposed to both physical and transitional risks and opportunities from climate change in the UK. We're committed to assessing and mitigating physical and financial climate change adaptation risks that are material to our portfolio.

The Company considered the various potential impacts a changing climate has on our Business within the TCFD framework. The discussion was guided by a range of scenarios published by external agencies, such as the UK Met Office, the IPCC, International Energy Agency, and others – and looked at both physical and transitional risks under two climate warming scenarios; one within 1.5 to 2.0 degrees centigrade; and one up to 4.0 degrees centigrade. A scenario allows a company to plan for what it considers to be the material impacts of global warming and the likely outcomes – this is going to vary from business to business. Broadly, the Company agrees that we should expect some physical risks from global warming to have an impact on our business.

The impacts from localised flooding and from a rising UK temperature are deemed as material. We also agree that the transition to a low carbon economy might pose a risk; however, if we are able to position ourselves well, this may also pose an opportunity.

During the year, we have publicly committed to the 'Race to Zero' campaign, which commits to science-based targets that aim to limit global warming to 1.5°C.

We have established science-based targets and will seek to have these externally verified during 2022. The science-based targets are published here:



https://corporate.bigyellow.co.uk/application/files/8316/5305/0098/BY_FY2021_22_Science_based_Targets.pdf

Physical Risks

Impacts from both flooding and rising temperatures will likely have a financial impact on us. It may also have a reputational impact if stored goods are affected and an indirect financial impact through rising insurance costs.

Assuming a 2°C increase scenario, 27 of our Big Yellow stores may experience both an increase in 'hottest summer day temperature' of 5% or more and at least a doubling in the number of summer days per month that exceed 25°C.

Assuming a 2°C increase scenario, 34 of our Big Yellow stores may experience both a reduction in the number of rainy summer days per month and an increase in mm of rainfall on the wettest summer day. 13 Big Yellow stores may experience both.

The financial impact of flooding could come from a range of impacts, such as damage to goods stored on the ground and basement floors, unblocking drains, clearing up after large scale flooding, more frequent maintenance of the building infrastructure that is exposed to a large amount of rain falling over shorter time frames, such as roofs, gutters, signage, etc.

The financial impact for longer periods of hot weather could come from a range of impacts, such as heat damage to goods being stored, increase in use of ventilation / cooling, potentially retro-fitting of temperature control systems, detrimental impact on immediate neighbourhoods through urban island heat effects and community pressure to address heat issues.

We also have three Big Yellow stores that are in Flood Zone 3 and have an at least medium to high risk of surface water flooding – all contain measures to minimise impacts, such as flood defences. We anticipate that we will be monitoring the adequacies of these measures going forward.

With the acquisition of Armadillo in July 2021, we have investigated flooding risks for the 24 Armadillo stores currently operational: four stores are in Flood Zone 3; only two stores are at high risk of surface water flooding; all other water related risks are at a maximum of medium risk.

We will be assessing the risk of rising temperatures for Armadillo stores in the coming months.

Transition Risks

There are a number of aspects of changing climate that the Sustainability Committee deem likely to occur:

- a focus on electrification and decarbonisation;
- an increase in carbon / emission taxation and fines (unlikely that there will be significant incentives);
- an increase in standards, especially for buildings;
- a significantly higher financial reporting burden, including Scope 3; and
- the introduction of a price of carbon.

The Environmental Committee has proposed, and the Sustainability Committee agrees, that decarbonising our business is important to allow us to:

- (a) avoid the risk of “stranded assets”;
- (b) maximise the opportunity to invest at the right time, optimising costs;
- (c) minimise carbon/emission taxation; and
- (d) become an even stronger consumer preference / offering real customer solutions, such as only using renewable energy at our stores and providing EV charging pods for our staff and customers.

The risk of ‘stranded assets’ is a concern from our investors, and so becomes a material concern to us.

Our Net Zero Emission strategy sets out how we intend to deliver a decarbonised business. Please note that the work to move away from gas is currently being undertaken for Armadillo and Big Yellow, with the majority of Armadillo stores due to be operated with electricity exclusively by 2023. Feasibility assessment for the eight Big Yellow stores where gas is still used (for office central heating systems) are currently underway.

Internal Processes

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 initial view was to establish a ‘trigger’ metric that will prompt the Company to review current measures taken and allow for strategic decision-making if thresholds are exceeded.

On discussing how this may work on an operational level, we felt that our current processes in place are sufficient to maintain a close watch on increasing costs driven by climate change.

We deem our current understanding of the inherent physical risks to our assets and the unique features of each of our stores to be more than enough to manage future changes.

Process 1 - identifying emerging issues through visual inspection and half yearly budget reviews

The Directors (CEO, Operations Director and CFO) visually inspect each of our stores at least once per annum; they are usually accompanied by the Head of Estates and Facilities and planned and unplanned work is discussed immediately.

The budgeting process then allows the Operations Director and the Head of Estates and Facilities to prioritise both planned and unplanned maintenance. The budget review by the CFO and Financial Controller looks at planned costs compared to previous years and where costs are changing year on year. This is the point at which trends may be identified and proposals are made to raise climate change related issues to the Board, who may request a more holistic solution and who may charge the Environmental Committee to identify such a solution.

This is particularly useful for physical risks.

Process 2 - identifying issues via our internal and external Sustainability community

The Head of CSR or the Environmental Committee or the Non-Executive Director for Sustainability may identify aspects that could pose a risk to the Group, and they may raise these either at the Environmental Committee or at the Sustainability Committee. Specific risks, such as connected to Planning, may be integrated into the standard Business Risk process.

Where we identify that a larger scale change needs to be considered, such as replacing gas heating with electric or renewable energy heating, depending on the budget implications this will be assessed either by the Environmental Committee or if significant extra budget is required, at the Board level Sustainability Committee.

This is particularly useful for transition risks.

Work going forward

With the acquisition of Armadillo, the focus for the year was on the integration of the Armadillo stores into the operational Big Yellow framework; flood risk assessment for the 24 Armadillo stores have been conducted. The following next steps have been agreed:

- Using the 27 Big Yellow 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 CRREM tool methodology. Please note the CRREM tool at present only covers offices.
- External reporting – we agree that reporting transparently will help our investors to feel assured that we are taking appropriate steps to ensure our Company’s ability to thrive in a changing environment.

Strategic Report

Climate change risks and opportunities (continued)

Work done to date

- Flood Risk Assessments for each store; these now include Armadillo stores.
- Localised climate change projections – using the Met Office climate projection modelling; 2°C and a 4°C scenario for each store; Armadillo stores assessments to be done.
- Scope 3 footprint for combined Armadillo and Big Yellow. Published here:



https://corporate.bigyellow.co.uk/download_file/1007/237

- Setting science-based targets for the entire business. Published within our Benchmarking and Standards section of the full CSR Report 2022.

Please note, whatever we have not published is considered by us to be commercially sensitive information.

Metrics

We hope our TCFD related metrics will provide a snapshot for all interested readers.

We have been taking part in voluntary ‘Resilience’ modules as part of GRESB and have submitted more details to the CDP risk questions; the GRESB Resilience module has now been integrated into the overall list of questions, but unfortunately is not scored and therefore is likely to be only of limited use to external readers.

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

Climate-related Risks and Opportunities

Climate-related Risks

Aspect	KPI	2020	2021	2022	Target
Regulation	No EPCs rated F or G	0	0	2 ⁽¹⁾	maintain
Extreme Weather	% of current lettable area (sq ft) located in Planning flood Zone 3 and at least medium to high risk of surface water flooding ⁽²⁾	New for 2020/21	0.87	0.70	n/a
	% of at risk current lettable area protected by adaptive measures, such as raised floors or SUDs ⁽³⁾	100%	100%	100%	100%

⁽¹⁾ Two of our acquired Armadillo stores have ‘F’ ratings

⁽²⁾ Sq ft from ground and below ground level floors

⁽³⁾ SUDs stands for Sustainable Urban Drainage

⁽⁴⁾ Please note, this now includes Armadillo and Big Yellow

⁽⁵⁾ Despite adding 28 stores to our portfolio and only adding 3 new solar installations the total percentage has increased. This target will be re-assessed due to the Armadillo acquisition.

⁽⁶⁾ Removal of gas boilers. The retrofitting of solar installations has been slightly delayed due to supply chain issues, but are scheduled to be completed by September 2022

⁽⁷⁾ 2019: Oxford only. 2020: Oxford and Manchester. 2021: Oxford, Manchester, Camberwell, Bracknell, and Battersea. 2022: additionally: Uxbridge, Hayes and Hove

Climate-related Opportunities

Aspect	KPI	2020	2021	2022	Target
Transitioning to a low carbon economy	% of electricity from renewable energy generation ⁽⁴⁾	6.1%	7.1%	7.8% ⁽⁵⁾	100% + by 2030
	Investment in retro-fitting activities to drive decarbonisation [approx.]	£100k	£600k	£15k ⁽⁶⁾	£10.0m to 2025
	% of electricity purchased from renewable sources [market-based]	n/a	100%	100%	100%
	Greenhouse Gas (GHG) emissions intensity from building energy consumption (Scope 1 & 2) – tCO ₂ e/CLA (m ²)	5.5	4.8	4.7*	As per our NREP & Net Zero Strategy
Market opportunities	Deploy electric vehicle charging pods for customers and employees at each newly built store [total installed] ⁽⁷⁾	2	5	8	All new stores

Targets

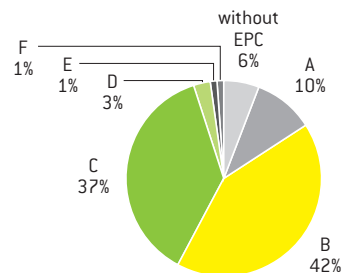
We have set out our full pathway for all Scope 1, 2 and 3 Emissions by 2032 in our Net Renewable Energy Positive (“NREP”) Strategy and Net Zero Emissions Strategy.

We have set science-based targets – please refer to our Benchmarks and Standards section in the full CSR Report.

Breakdown of EPCs

83% of EPCs for our combined store portfolio is in the ‘Green’ range, i.e. an A, B or C rating.

EPCs by CLA (sq m)



Section 172 Statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way they consider, 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 83 to 88.

Further information

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

Employees	CEO introduction (page 18) Marketing and Operational Review (page 26) Governance (page 86)
Customers	CEO introduction (page 18) Marketing and Operational Review (page 26) Governance (page 87)
Suppliers	CSR report (page 56) Governance (page 87)
Investors	Chairman's Statement (page 14) CEO introduction (page 18) Financial Review (page 40) Governance (page 87)
Environment	CEO introduction (page 18) Marketing and Operational Review (page 26) CSR Report (page 56)
Long term	Chairman's Statement (page 14) CEO introduction (page 18) Our investment case (page 20) Financial Review (page 40) Risk Management (page 46) Viability Statement (page 51)

Strategic Report

Corporate Social Responsibility Report

1. 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 of Big Yellow’s operation, which now includes 24 Armadillo stores, 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.

The governance of our sustainability activities is delivered by the Sustainability Committee, chaired by Heather Savory. For an update on the activities of the Committee please see the Sustainability Committee section in this report.

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

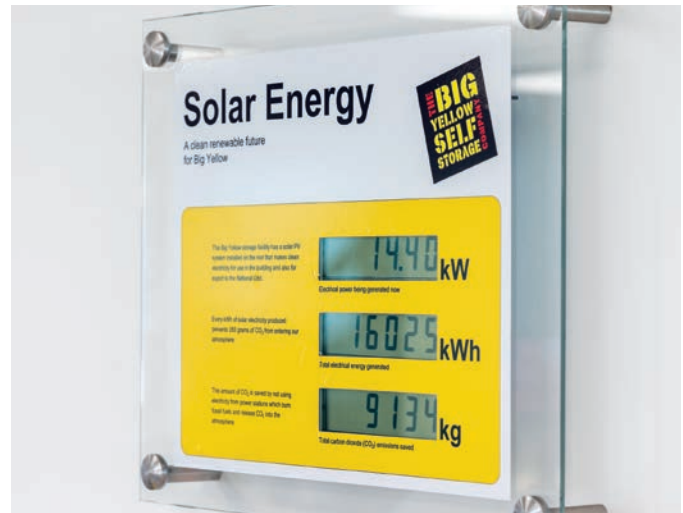
The outcome of operating responsibly is the social value that we create and the long-term resilience of our business when faced with external pressures and changes, such as a changing climate and a changing political and legislative environment.

The acquisition of the remaining 80% of Armadillo in July 2021 represented a material change in our environmental data which triggered a re-baselining activity. We have included as much of current and historical year data for Armadillo as possible.

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 14 to 30 of the Annual Report.



2. CSR executive summary

We have all been shocked and saddened to see the tragic events unfolding in Ukraine. Once again, I was impressed by how local communities and individuals sprung to action to support refugees arriving in Poland, Romania, Slovakia, Hungary, and Moldova: we are pleased to say that we have been able to play a small part by helping many of these through either the donation of boxes or the donation of storage space to hold supplies temporarily before they were being driven to the relevant borders. In total, Big Yellow has provided free or discounted space and boxes of just over £308,000 to all charitable organisations, including support to the Ukraine relief effort.

Additionally, one of the Big Yellow Foundation’s permanent charity partners is Breaking Barriers, who support refugees here in the UK.

Our thoughts are with everyone caught up in this war.

Our relationships with Breaking Barriers and the Down’s Syndrome Association this year have furthermore strengthened with the implementation of work placements. This is an important aspect of our community activities, and I am pleased at the positive impact these placements have not just on the individuals being placed, but also on our store teams.

In terms of our broader sustainability agenda, this has been the first year of our new Net Renewable Energy Positive (“NREP”) and Net Zero Strategy. We had initially planned to retrofit 12 stores this year with solar PV installations but halted the work when we became aware of potential human rights issues in our supply chain. We have since identified and engaged with an alternative supplier of solar panels and expect to install these between May and September 2022.



We have used the holding time well by continuing to execute the works necessary to prepare our stores for the solar panel installations and we expect to be making good progress from now on. We have a target of completing the retrofit of 36 stores within the next three years.

Our board level Sustainability Committee, chaired by Heather Savory has met twice during the year and has been effective at guiding our discussions and making responsible and ambitious decisions. The entire Board and I take our responsibility for CSR to the heart of our business, and we are very pleased to have Heather assisting us with our ongoing Sustainability Agenda.

This year, the Sustainability Committee has approved stretching science-based targets, but I am aware that 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; most 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 intent to remain flexible and open to further innovation. This is particularly pertinent as sustainable technologies continue to develop. During the year we have made progress on our battery pilot project at Guildford Central and we look forward to evaluating how batteries can play their part in delivering our future commitments.

Jim Gibson
Chief Executive Officer

2.1 Highlights

- We have set our first science-based targets.
- We have maintained our inclusion in the FTSE4Good indices; maintained our GRESB Green Star rating and achieved a B award from CDP.
- We obtained our second EPRA sBPR Gold Award.
- We have donated £316,120 in Community Investment. This consists of a combination of free and discounted space and BoxShop products donated, and the moneys raised by our employees that go to the Big Yellow Foundation.
- We have refreshed our Emissions footprint to include Armadillo.
- Delivered three successful work placements in conjunction with our charity partners.

Strategic Report

Corporate Social Responsibility Report (continued)

2.2 Climate Change and our Business – our 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 have set science-based targets for our Scope 1, Scope 2 and Scope 3 emissions. These will be submitted to the Science-Based Target Initiative (SBTi) during Summer 2022.




2.3 Sustainability Performance Overview

The table below is of all our commitments, the progress we have made against them during the financial year ended 31 March 2022 and our (amended) plans going forwards. They are aligned to our three corporate strategic themes.

Provide the place and space to make lives easier

The table below shows the Group's performance against Sustainable Development Goals (“SDG”).

● Achieved ● On track ● Behind target ● Not achieved ○ New

SDG where applicable	Target / Commitment	By Year ending 31 March	Progress during the year	Status	Update to plans
	To raise £150,000 Foundation donations from our customers, Employee fundraising contributions and Big Yellow matched amounts	Annual	Raised £172,000 ⁽¹⁾	●	Maintain target
	Grants allocated to Big Yellow Foundation Charity partners: 75% of income allocated to charity partners	Annual	Allocated 115% (£198,000)	●	We have decided to distribute more of our reserves
	100% of stores with volunteering opportunities	Annual	100%	●	
	10% of volunteering days taken up by our teams	2023	6%	●	We were able to create some online opportunities – target remains in place
	Four individuals on work placement contract provided and supported by a BYF charity partner	Annual	3	●	We have placed three individuals on 12 week placements; two of these placements were extended by a further 12 weeks
	Number of individuals offered a permanent position from the above cohort – 100% of yearly cohort	2022	0	●	Target to be reviewed
	Maintain Customer Engagement as measured by engagement with the Big Yellow Foundation: Monitor move-in and move-out donations – aim for maintaining performance	Annual	Achieved	●	Monitored and included in Director Store Visit Discussion Target will remain in place
	Business Customers and National Customers: Assess needs and define engagement approach	2021	Not achieved	●	Target to be reviewed. Current strategy of reacting to request may be appropriate

⁽¹⁾ Big Yellow Foundation year ended 31 March 2022 is due by January 2023. The numbers provided here are unaudited.

Plan and act for a Sustainable Future

● Achieved
 ● On track
 ● Behind target
 ● Not achieved
 ○ New

SDG where applicable	Target / Commitment	By Year ending 31 March	Progress during the year	Status	Update to plans
	'Net zero' Store Scope 1 and 2 Carbon Emissions by 2030	2030	Market-based: 100% net zero	○	Below the specific programmes for this and next year
	Retro-fit 36 stores with solar installations	2025	Preparatory work on 12 stores complete	●	Deliver solar installations on prepared stores and ready the next 12 stores
	Set science-based targets	2022	Science-based targets set	●	Submit to the SBTi during 2022
	Deliver a battery pilot	2023	Battery installed	●	Develop and delivery battery management process
	Replace gas boilers	2025	Four removed during the year	●	A further six planned for the year ending 31 March 2023
	Sustainable construction commitments: minimum solar installation	Annual	Hove, Hayes and Uxbridge have a combined installation capacity of c. 150kWp	●	New commitment: from Kingston North onwards, all new stores will have 85kWp solar capacity installed
	Sustainable construction commitments: BREEAM Standard of Very good	Annual	Exceeded: Hove, Hayes and Uxbridge are all Excellent	●	New commitment: stores from Slough Bath Road onwards will be built to BREEAM Very Good standard and certified
	Sustainable construction commitments: EV charging pods at all newly built stores (where space allows)	Annual	Met. Hove, Hayes and Uxbridge have Electric Vehicle pods installed	●	Planned at sites to be opened during the year ended 31 March 2023
	Generate renewable energy to meet at least 100% of our energy needs	2030	Preparatory work on 12 stores complete	●	Deliver solar installations on prepared stores and ready the next 12 stores
	Achieve 0 tCO ₂ e per m ² occupied Intensity metric	2030		●	n/a
	Energy Intensity target: 60% decrease from our 2011 baseline	2030	Armadillo acquisition means that this target needs to be reviewed	○	Target to be reset for the new, combined store portfolio. Baseline year is the year ended 31 March 2020
	Increase total Solar PV generation capacity by at least 10%	Annual	Achieved – 3 new stores with 150kWp represents a 15% increase	●	Target has been superseded by the NREP strategy and will not be carried forward
	100% CLA (Current Lettable Area) covered by Green aspects [%] ⁽¹⁾	Annual	Achieved 83% This is due to the newly acquired Armadillo portfolio – like-for-like remains at 100%	●	Review EPCs for Armadillo



⁽¹⁾ We included EPC A to C rated stores only.

Strategic Report


Corporate Social Responsibility Report (continued)

Plan and act for a Sustainable Future (continued)

● Achieved
 ● On track
 ● Behind target
 ● Not achieved
 ○ New

SDG where applicable	Target / Commitment	By Year ending 31 March	Progress during the year	Status	Update to plans
	Review in-store water consumption against self storage benchmark	Annual	We remain above BBP benchmark	●	
	Contractors signing up to CCS scheme with a target score of 35 points for both fit-out and shell	Annual	38 for Hove 40 for Hayes 36 for Uxbridge	●	
	Educate and engage store teams to improve recycling performance – send zero waste to landfill	2025	12% to landfill	●	

Treat everyone fairly and respectfully, as a partner

SDG where applicable	Target / Commitment	By Year ending 31 March	Progress during the year	Status	Update to plans
	Report on 'prompt payment' statistics	Annual	Complete	●	Maintain reporting
	% of invoices received & paid within 30 days	Annual	88% – improved from 58% last year	●	Maintain reporting and performance
	Actual paid statistics	Annual	Set out in the 'Our Suppliers' section	●	Maintain reporting
n/a	We will continue to reference and meet our most relevant standard: EPRA	Annual	EPRA sBPR 'Gold' Award	●	Continue as is
	We continue to submit to all relevant Benchmarks, namely GRESB, CDP, and FTSE ESG	Annual	Most recent scores: GRESB: 84% CDP: B FTSE4Good: Included in index [3.1]	●	Continue as is
	It is our aim to keep everyone safe when visiting or working at our stores	Annual	No fatalities – accident statistics are published in the H&S section of this report	●	Continue as is 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
n/a	Supply Chain Risks: We intend to conduct further supplier assessments	2022	We have engaged SGS to design a framework and approach, which we hope to deliver during 2022	●	This is a new initiative which was set up at the end of 2021 ⁽¹⁾

⁽¹⁾ A more formal supply chain risk project was set up partially in response to the experience we made with the solar panel human rights issues and the wish by the Company to have a proactive approach.

3. Our people

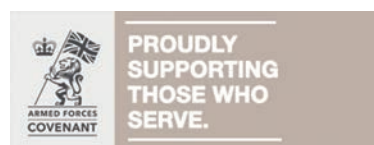
Our people are at the heart of Big Yellow's business, bringing our values to life through the service they provide and through the energy and passion that drives us to become an ever more responsible and sustainable business.

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 just under £65,700 for the year ended 31 March 2022.

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 Covid-19 continued to have an impact during the financial year, we remained supportive of our employees throughout the year, with regular operational updates and advice, assistance from our Wellbeing Experts, paid flu jabs for all team members and working from home where appropriate in our Head Office.

In September 2021, we carried out our fourth externally run employee engagement survey. We were very pleased to have achieved an engagement score across the Company of 86%, which despite the challenges our teams faced during this period, reflects very favourably when compared to our score of 87% in 2019. Our highest scoring areas were inclusion and diversity 90% (2019: 94%), our values 90% (2019: 88%) leadership 89%, management style 89% and organisational integrity 88%, all of which scored the same result as in 2019.



3.1 Highlights

- Continued to report on our Gender Pay Gap.
- Published our first Ethnicity Pay Gap Report.
- Continued the work of our Inclusivity and Diversity Committee, changing the scope and constitution of the committee to ensure that all protected characteristics are fully represented.
- Achieved an engagement score of 86% in our Employee Engagement Survey (2019: 87%).
- Enrolled 95 people on to a virtual British Sign Language training course.
- Rolled out a Working From Home Policy for our Head Office Employees which has enabled all team members to achieve a better work-life balance.
- Reduced our store opening hours to support the wellbeing of our teams.
- Offered advice and support to a total of 122 people across the year, via our Wellbeing Experts.
- Appointed and trained 12 Recruitment Experts to support the recruitment process across our stores.
- Launched over 300 new personal development videos within our Learning Management System.
- Achieved a Performance Review completion rate of 94% across the Company.
- Continued to include a selection of 'People' KPIs to be assured by SGS.



Strategic Report

Corporate Social Responsibility Report (continued)

4. Our communities

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

Despite continued partial restrictions due to Covid-19 during the year, aspects of our daily lives have returned to pre-lockdown levels. Our customers are visiting our stores and meetings and interactions are often back to an in-person setting. 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

- Big Yellow's community investment for the year, delivered via discounted space, was £306,389.
- We partnered with OpenOrchard at West Norwood to plant and maintain native shrubs.
- Our employees raised £4,127, £3,370 of which qualified for matching by Big Yellow.
- Delivered three successful and all-round enriching work placements with Breaking Barriers and the Down's Syndrome Association.
- Delivered another successful year for our Big Yellow Foundation.



4.2 Community Investments

Free Space donated for community or charity use (£)	£283,627*
Discounted Space of up to 90%	£22,762*
Payments to Social Enterprise organisations (£)	£0.00
Total employee Big Yellow Foundation fundraising & Big Yellow matched funds (£)	£7,497*
One-off donations	£2,234*
Total Community Investment	£316,120*

* Indicates data reviewed by SGS

4.3 Big Yellow Foundation

Big Yellow Foundation is working with seven, permanent charity partners: Street League, Bounce Back, Breaking Barriers, the Back Up Trust, the Down's Syndrome Association, Hire a Hero and St Giles Trust.

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 Committee, 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 an annual fundraising target of £150,000. The income for the year ended 31 March 2022 was £172,000.

The Foundation paid out £198,000 to its seven charity partners in the year to 31 March 2022. Most of the grants made are unrestricted funds, helping our charity partners to pay for everyday necessities to keep their organisations going.

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.

£172,000

Income raised for the Foundation

£198,000

Paid out to Foundation charity partners

5. Our customers

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

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 put in place. With the easing of measures, we have recently reverted to some of our pre-pandemic work practices.

5.1 Highlights

- Our NPS (Net Promoter Score) for combined move-in and move-out responses was 78.9 over the last 12 months.
- During the year we have strengthened our Customer Engagement activities with:

- strong social media content 'Big Yellow and Green'



<https://www.bigyellow.co.uk/green/>

- 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.

- Delivered continued engagement with our Big Yellow Foundation: 34% of customers donated at move-in stage, 40% at move-out stage.



Strategic Report

Corporate Social Responsibility Report (continued)

6. Our suppliers

Big Yellow recognises that it can have a significant impact on its suppliers and that its suppliers can represent an important aspect to help Big Yellow to deliver 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.

During the year, serious and credible concerns were raised about the potential of human rights breaches within our solar panel supply chain. After engaging with the supplier and the manufacturer to assess the likelihood of a swift remedy, we concluded that the response provided by the manufacturer did not allay our concerns.

We determined to select a different supplier whose supply chain transparency, coupled with the production location itself provided us with the necessary confidence to move ahead.

This decision had a material impact on our solar panel retrofit program; the new panels, although more expensive are more efficient and long lasting, which has helped defray some of the original cost impact over the medium to long term. Identifying and engaging a new supplier also delayed us by a few months.

We know this was the right decision to take and are grateful to research institutions and various organisations who work tirelessly to shine a light on human rights issues.

This issue with our solar panel manufacturer has emphasised the need for us to understand our supply chain even better. We have engaged SGS to work with us on a Supply Chain Risk framework and assess a number of our key suppliers.

We will report regularly on progress.

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 paid 88% of invoices within 30 days and a further 11% between 30 and 60 days, a significant improvement from the prior year (58% within 30 days and 39% between 30 and 60 days).
 - Our average time to pay an invoice was 25 days (2021: 32 days).
 - We measure our payment performance to our suppliers on a quarterly basis. Prompt payment is especially important to our smaller suppliers, who may not have the cash flow to do well with very long payment terms.
- We have been recognised as a Supplier Engagement Leader by the Carbon Disclosure project for the second year.
- No issues were raised via our confidential Whistleblowing Helpline.



6.2 Supplier Payment Performance

	April 2021 - September 2021		October 2021 - March 2022		Total	
<30	6,007	88%	7,289	88%	13,296	88%
30-60	759	11%	974	12%	1,733	11%
>60	53	1%	36	0%	89	1%
	6,819		8,299		15,118	

Average time to pay an invoice: 25 days

6.3 Supply chain risk

Supply chain risk – highlights

Our approach differentiates between suppliers who provide services here in the UK and others who may provide products or materials from further afield. For suppliers and their employees working in the UK, especially the ones who provide us with Construction or Facilities services, we provide an anonymous whistleblowing helpline, and no issues were reported during the year.

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

The poster is kept unbranded on purpose to re-enforce the message that any calls are treated in confidence.

For a deeper, supply chain review we have engaged SGS. The deliverables of that work are:

- To jointly with Big Yellow create a framework to assess our suppliers' risk priorities; and
- Conduct in-depth desk top assessment on a short list of suppliers through supplier questionnaires to flag any potential issues within our material supply chain.

We have identified approximately 25 key Construction, Facilities and Stock suppliers who will be part of this structured Supply Chain Risk review.

A first joint workshop took place in April 2022. We intend to provide updates as part of our UK Modern Slavery Act Statement later during 2022.

Supply chain emissions engagement

Supply chain emissions engagement – highlights

- We have been recognized as a Supplier Engagement Leader by the Carbon Disclosure project for the second year.
- With the acquisition of Armadillo, we have refreshed our spend-based Scope 3 Footprint assessment – results are published in our case study section of our Corporate Website.

Scope 3 Footprint

Understanding our Scope 3 Footprint is a necessary first step to understanding material aspects of our extended value chain and with it lead to better preparedness to meet future opportunities and challenges. We conducted and published our Big Yellow footprint last year and, as the acquisition of Armadillo in July 2021 represented a material change to our business, we therefore repeated our footprint work to include the new, larger portfolio.

This has delayed our science-based target work somewhat, however, we have set science-based targets during the year.



Please see our 'Performance' section on our corporate site here: https://corporate.bigyellow.co.uk/application/files/8316/5305/0098/BY_FY2021_22_Science_based_Targets.pdf

CDP Supplier Engagement Rating ("SER")

Background to the SER: Following CDP's 2021 global score release, companies responding to the full version of the CDP climate change questionnaire also receive a SER in addition to their climate change score.

The companies with the best SER are celebrated as Supplier Engagement Leaders – which this year is the top 8% (up by 1% point from 2020) of companies who disclosed to the full climate questionnaire.

The SER provides a rating for how effectively companies are engaging their suppliers on climate change.

CDP assesses performance on supplier engagement using a company's response to selected questions on governance, targets, scope 3 emissions, and value chain engagement in the CDP climate change questionnaire. The SER Introduction and SER methodology 2021 is available on CDP's guidance page for more information. An organisation's average upstream emissions are around 11.4 times greater than their direct operations – which shows how vital supplier engagement is to achieve ambitious climate goals, such as science-based targets.

We are very pleased to have been recognised as a Supplier Engagement Leader.



Strategic Report

Corporate Social Responsibility Report (continued)

7. 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.

In line with the latest Government Covid-19 guidelines, we have gradually eased restrictions and special measures in our stores and at Bagshot. Throughout the Pandemic we 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 relevant controls, restrictions, and rules; amongst other areas on (additional) cleaning procedures; and
- making available extra cleaning products and protective equipment, such as hand sanitiser gel, facemasks, and gloves, available to customers and staff.

We encourage our staff to be considerate when interacting with colleagues and wear masks when asked; we have also encouraged staff to stay out of the business if they exhibit flu-like symptoms to ensure we minimise the spread of Covid-19.

In this section we also recognise two specific incidents that affected our stores and customers in the last year:

Fulham Fire - 11 June 2021

A fire was started in a customer's room in the basement of our Fulham store. The fire did not spread to any other parts of the store and was isolated to a single section of the basement floor (out of three sections), which included our dedicated wine storage area. No staff or customers were injured.

Our in-store fire and smoke detection systems – plus our external security monitoring centre – kicked in immediately to detect the fire and alerted the fire services. The London Fire Brigade were on the scene quickly to control the fire and then monitor it to ensure it was extinguished. The Fulham store remained closed in full or in part for three days for the Fire Brigade to extinguish the fire and for the Police to conclude their investigations. The store has now been fully repaired and the affected wine area reopened for customers in January 2022.

Cheadle Fire - 26 February 2022

A fire was deliberately started in a customer's room at our Cheadle store early in the morning of 26 February 2022. The fire was started with an accelerant and its rapid spread led to the total loss of the store and customers' contents. There were no staff members or customers on site at that time and therefore no injuries reported. Greater Manchester Fire & Rescue were quickly in attendance, but the scale of the fire meant they were unable to save the property or the customers' contents inside. This was a hugely disruptive incident, and we are truly sorry for the losses our customers have had to suffer as a result. Our priority has been to support all the customers affected and to ensure the insurance obligations have been delivered to the customers as efficiently as possible. We continue to work with the freeholder and our insurers on the rebuilding of the facility.

7.1 Highlights

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

Furthermore, we can report our H&S highlights this year as follows:

- There were no "Fatal Injuries, Notices or Prosecutions" in any part of our operations during the year ended 31 March 2022.
- We have regularly reviewed our Store and Head Office working policies in conjunction with the Government's advice for Covid-19.
- Out of the 27 minor injuries to our customers, contractors, and visitors, 17 were the result of minor cuts. All of these could have been avoided by wearing protective gloves.
- Our staff suffered 16 minor injuries, for a variety of reasons, including cuts and trips.
- There were 6,626 'Person Days' worked on new store construction 'Fit-out' projects in 2021/22. This work was on our new store developments in Uxbridge, Hove, and Hayes. There were no reportable accidents from these projects for our Construction Fit-Out activities.
- During the year, we opened our new stores in Uxbridge, Hove, and Hayes. The Considerate Constructor Schemes ("CCS") for the three newly opened stores were as follows: Hayes 40/50; Hove 38/50; and Uxbridge 36/50.



7.2 KPIs

Please note, on 1 July 2021 Big Yellow Group acquired the 80% of Armadillo Self Storage it did not already own. From the year ended 31 March 2022 we report on the combined store portfolio – reported data for the prior year and earlier is exclusively for Big Yellow stores.

Despite the fact that the scope of our reporting has increased, absolute numbers of minor injuries have reduced. This is very pleasing; however, we intend to review the reporting process to ensure that all incidents are captured.

Store Customer, Contractor and Visitor Health & Safety

Year ended 31 March	2019	2020	2021	2022
Number of Customer Move-ins ¹	73,293	70,661	66,366	88,094
Number of Minor Injuries	55	56	37	27*
Number of Reportable Injuries (RIDDOR)	4	0	2	1*
RIDDOR per 100,000 Customer Move-ins	5.5	0.0	3.0	1.1*

Indicates data reviewed by SGS as part of their assurance work

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

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

Year ended 31 March	2019	2020	2021	2022
Average Number of Staff ²	347	361	370	427
Number of Minor Injuries	14	10	6	16*
Number of Reportable Injuries ("RIDDOR")	0	0	0	0*
AIIR per 100,000 staff	0	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).

Big Yellow Construction 'Fit Out' Health & Safety

Year ended 31 March	2019	2020	2021	2022
Number of Total Person Days worked	2,473	2,667	7,111	6,626
Number of Minor Injuries	2	1	7	3*
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.

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.

² Average FTE at 31st March 2022 has been used.

Strategic Report

Corporate Social Responsibility Report (continued)

8. 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 report 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 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, reporting against all environmental European Public Real Estate Association ("EPRA") indicators (and GRI where relevant). Having achieved 'Gold' status in terms of transparency and quality of our reporting for the financial years ended 31 March 2020 and 2021, 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 Organization for Standardization's (2006) ISO 14064-3. Their assurance statement is below.



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

The Company's NREP Strategy and Net Zero Emissions Strategy, which was launched during the year ended 31 March 2022 is undergoing two material reviews at present:

- the acquisition of Armadillo prompted a recalculation of the Company's energy consumption and resulting emissions; and
- the commitment to setting science-based targets prompted an adjustment of our emission targets.

As part of the NREP Strategy and Net Zero Emissions Strategy, the Sustainability Committee approved budgets to deliver a number of key programmes.

The Company is tracking five initiatives to ensure the delivery of the strategy is on track; they are:

- a. Progress on solar generation: deliver retrofitting of overall 36 Big Yellow stores that currently do not have solar. Progress has been slightly delayed due to supply chain issues – overall timelines expected to be met.
- b. Progress on developing and setting science-based targets: science-based targets set and published this year. Submission to SBTi expected in July 2022.
- c. Progress on battery pilot project: battery and site selected and installation work in progress. Partners and systems selected to manage the battery. On track
- d. Progress on decarbonisation – first step gas boiler replacement programme: four gas boilers replaced with electric boilers; a further six scheduled for the year ending 31 March 2023. On track
- e. Sustainability investment during construction phase: the Sustainability Committee was particularly keen to review the upfront investment the Company made to ensure newly constructed stores were aligned with the retrofitted stores. From our Kingston North development onwards, all new stores will be equipped with 85kWp solar installations.

These specific deliverables have been included in our Performance Overview section and will be reported on annually.

There are a number of variables we are faced with in delivering the NREP Strategy and Net Zero Emissions Strategy through to 2030; we intend to report on progress on an annual basis as part of our CSR Report. We may also update the strategy document from time to time, as the progression of the work will indicate new options becoming available to us to also consider and as we understand the impact the Armadillo stores have on our strategy.

Highlights

- We have set science-based targets during the year, please see the 'Benchmarks and Standards' section of this report for more information.
- We have opened three new stores with 50kWp solar installations each. We now have an estate with 32 Solar PV installations – this has increased our renewable electricity generation by 27% from the prior year.
- Our stores with Solar PV Installations of 50kWp or larger generated 25.8% of their electricity need.
- Despite the opening of three new stores, our absolute electricity (grid bought electricity plus solar energy used) has remained static; our like-for-like store portfolio electricity use has a decrease of 3.5%.
- 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'. That contract covers both Big Yellow and Armadillo stores.
- After the acquisition of Armadillo, we refreshed our Scope 3 Footprint assessment to further our understanding of our wider impacts. Please access the year ended 31 March 2020 outcomes at corporate.bigyellow.co.uk.



Strategic Report

Corporate Social Responsibility Report (continued)

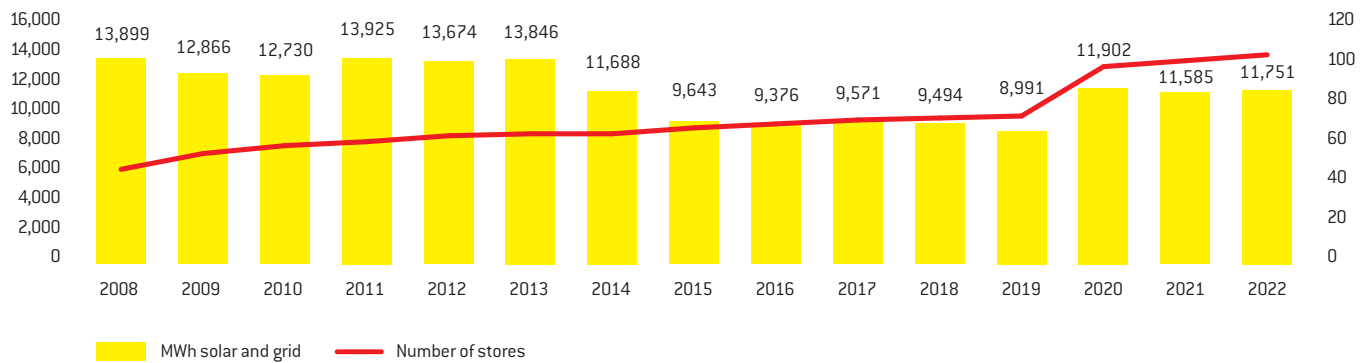
8.2 Energy

The chart shows how grid bought electricity plus solar energy generated and used in our stores between 2008 and 2022 has changed over time. Please note, as we move to meeting our electricity needs increasingly from solar, the chart includes, from the year ended 31 March 2020, the used solar energy in the total MWh number.

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

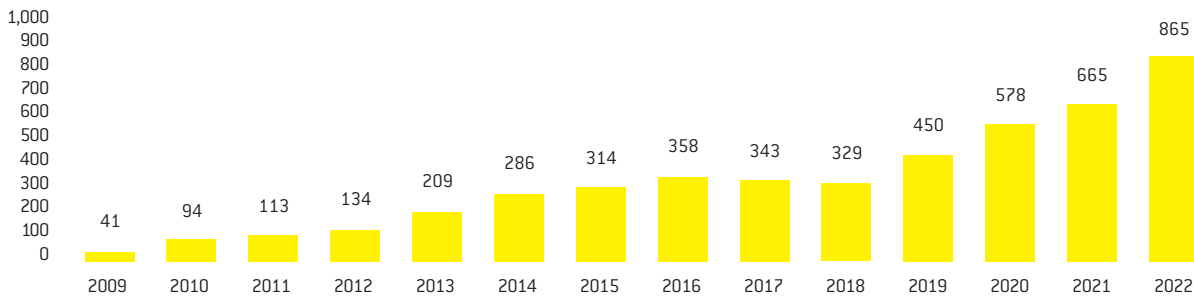
Some of our stores rent out roof space to a company that installs and operates telecoms mast. The telecom masts are powered via our stores' electricity supply, increasing the total store energy consumption. This additional energy became a material percentage of our emissions during 2018/19 and, as the masts are not within our control, their electricity consumption has been removed from our total Scope 2 and reported as part of Scope 3.

Portfolio Long Term Solar Electricity Generation (2009 to 2022)



Store Portfolio Long Term Solar Electricity Generation (2009 to 2022)

Our portfolio of stores with roof-mounted solar PV installations generates low carbon electricity that is monitored for performance and receives financial payments from energy companies we export to. We now have 32 stores that generate renewable solar electricity.



8.3 Emissions

Highlights

- Absolute Scope 1 and Scope 2 Store and non-Store portfolio saw a decrease of 4.9%. There are two main causes for this decrease: a favourable UK fuel mix and our investment in on-site renewables with three new solar PV installations during the year.
- We have repeated our spend based assessment of our Scope 3 Footprint including our new total estate including Armadillo.
- Our market-based emissions (from electricity) are now 0 tCO₂e thanks to our REGO-backed 100% renewable electricity contract.

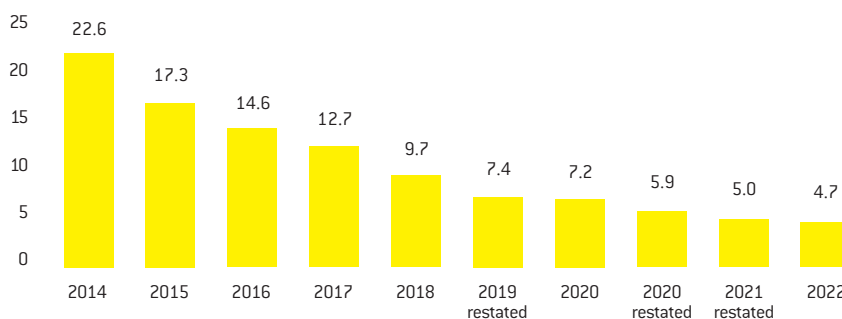


Scope 1 and 2 GHG Emission Intensity / Occupancy, Revenue & CLA (GHG-Int)

Year Ended 31 March	2020 Including Armadillo	2021 Including Armadillo	2022 Including Armadillo
Total GHG Scope 1& 2 Emissions location-based (t CO ₂ e)	3,159	2,805	2,664*
Total GHG scope 2 Emissions market-based (t CO ₂ e)	1,410	253	309
Electricity Transmission Losses and Employee Business travel (t CO ₂)	251	224	209
Telecoms emissions on our sites (t CO ₂)	144	174	179
Employee Business travel (t CO ₂ e)	72	76	93
Total (t CO ₂ e) Scope 3	467	474	480
tCO ₂ e/ revenue (£000s) – location-based store and none store portfolio	17.9	18.3	15.1
tCO ₂ e/ revenue (£000s – market-based store and none store portfolio	9.7	1.7	1.8
kgCO ₂ e/ Occupied space store portfolio only	7.2	6.2	5.4
kgCO ₂ e/ CLA (m ²) store portfolio only	5.9	5.0	4.7

Please note from the year ended 31 March 2020 onwards the data includes our Armadillo portfolio.

Store carbon intensity (per CLA sq m)



8.4 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/m² CPA / year).

At '73' (76,904m³ of water / 488,794m² occupied space), we're very pleased to share that our water consumption remains significantly lower than BBP 'Good Practice'.

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.

Strategic Report

Corporate Social Responsibility Report (continued)

8.5 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. 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 data and subsequently recycling performance.

8.6 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 went live in our stores in the prior year, saving approximately 800,000 pieces of paper each year.

Internal 'weekly bulletin' sign off process was moved online, saving approximately 60,000 pieces of paper each year.

Avoidance of unnecessary waste helps to reduce carbon emissions, minimise waste going to landfill and demonstrates a 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 as much as possible.

8.7 Green Store Portfolio

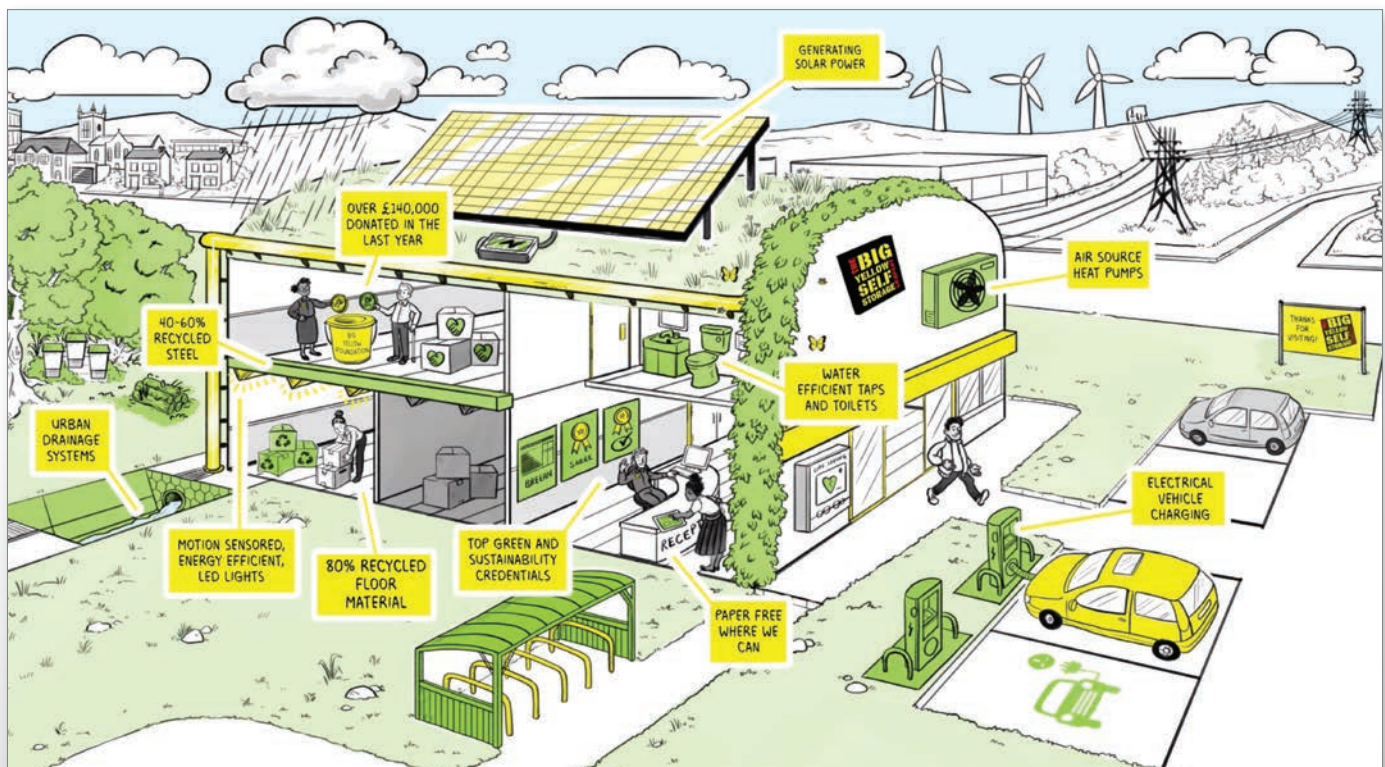
There are a number of measures we can use to demonstrate that at Big Yellow environmental considerations are part of how we operate. The overwhelming majority of our stores are in the green banding for energy efficiency and several of our stores have other features, such as solar PV and green roofs or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

With the acquisition of Armadillo, the overall EPC coverage has dropped a little, however, we still have 83% of stores rated A, B or C. We have commissioned a review of Armadillo EPCs which will start during the year ending 31 March 2023.

- 89% CLA (Current Lettable Area) covered by Green aspects (%)
- We added to our solar PV estate by equipping our three newest stores – Hove, Hayes, and Uxbridge – with 50kWp installations.
- 94% of our estate is covered by an Energy Performance Certificate.
- Electric Vehicle Charging pods now as standard for all new stores.



Watch our animation www.bigyellow.co.uk/green



9. Benchmarks and standards

9.1 Highlights

- For the second year, we achieved a “Gold” standard for EPRA sBPR (sustainable best practice reporting).
- We achieved a GRESB score of 84% (4 stars) – despite a tougher scoring approach by GRESB.
- We achieved a ‘B’ (Management) rating from CDP 2021.
- We maintained our MSCI score of ‘AA’.
- We maintained our FTSE4Good scores.
- We have developed a risk and opportunities assessment process as part of our commitment to implement the TCFD recommendations – for more information, please see Managing Climate related Risks and Opportunities document on our corporate site https://corporate.bigyellow.co.uk/application/files/9616/5235/3338/Managing_Climate_Related_Risks_and_Opportunities_2022.pdf the ‘Managing Risks and Opportunities’ section.
- For Construction activities, we sign up to BREAA standards and the Considerate Constructor Scheme (‘CCS’); Hayes achieved an outstanding CCS score of 40.

9.2 Science-Based Targets

Our Commitment

Big Yellow Group PLC commits to reduce absolute Scope 1 and 2 GHG emissions 70% by 2032 from a 2019/2020 base year. Big Yellow Group PLC commits to reduce Scope 3 GHG emissions, covering Purchased Goods and Services, Capital Goods (Shell – Construction), and Downstream Transportation by 55% by 2032 from a 2019/20 on a physical intensity basis.

Science-Based Targets

Scope of emission	coverage	Type of target	2019/2020 actual	2032 target %	2032 target amount
Scope 1 & 2	100%	absolute	3,160 tCO ₂ e	-70%	948 tCO ₂ e
Scope 3	Aim for 75% Required 67%	intensity	4.5 (kgCO ₂ /sq ft)	-61%	1.8 (kgCO ₂ /sq ft)

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’); and
- Energy Performance Certificate (‘EPCs’) – please see ‘asset list & green store portfolio’ section in this report for more information.



Strategic Report

Corporate Social Responsibility Report (continued)

II. 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
B

EPRA sBPR

Gold Standard

GRESB

84 points

4 Green Stars

SGS United Kingdom Ltd's assurance opinion

on selected sustainability KPIs in Big Yellow's corporate social responsibility report 2021/22



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 2021/22 ('the Report'). The scope of the assurance included FY2022 data only for the following KPIs:

Carbon footprint (Scope 1 & 2) data:

- Store electricity emissions (tCO₂e)
- Store flexi-office gas emissions (tCO₂e)
- Refrigerant emissions (tCO₂e)
- Absolute carbon dioxide emissions (tCO₂e)
- Store electricity use (kWh)
- Like-for-like electricity use (tCO₂e)
- Absolute carbon emissions (tCO₂e)
- Carbon intensity (kgCO₂e/m² current lettable area)
- Carbon intensity (kgCO₂e/m² occupied space)
- Carbon intensity (tCO₂e/£000s revenue)
- Total renewable energy generated(kWh)
- Solar generation % of grid use in large Solar PV stores

Carbon footprint Scope 3 data:

- Water supply and water treatment (tCO₂e)
- Store waste disposal (tCO₂e)

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 starters: stores, head office, and total
- Proportion of new starters
- 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 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 for Report Content and Quality to enable robust evaluation of data subject to verification.

Strategic Report

SGS United Kingdom Ltd's assurance opinion on selected sustainability KPIs in Big Yellow's corporate social responsibility report 2021/22 (continued)

Greenhouse gas (GHG) data

CO₂ 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 2021/22' 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 2021/22', 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:* CO₂, N₂O, CH₄ (HFCs, PFCs, SF₆ and NF₃ are excluded)
- *Directed actions:* none

Methodology

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

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

Statement of responsibilities, independence and competence

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

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

Assurance opinion and conclusion

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

Greenhouse gas (GHG) data

SGS concludes with limited assurance that there is no evidence to suggest that the presented CO₂ equivalent assertion is not materially correct and is not a fair representation of the CO₂ equivalent data and information and is not prepared following the requirements of Big Yellow's 'Basis of reporting 2021/22', 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 CO₂ equivalent emissions for the period 01/04/2021 – 31/03/2022 are fairly stated. This statement shall be interpreted with the CO₂ equivalent assertion of Big Yellow as a whole.

Big Yellow provided the GHG assertion based on the requirements of its 'Basis of reporting 2021/22' and the WRI/WBCSD GHG Protocol. The GHG information for the period 01/04/2021 – 31/03/2022 disclosing gross scope 1 and 2 emissions of 2,665 metric tonnes of CO₂ equivalent (Location-Based) and 309 metric tonnes of CO₂ 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): 309 tCO₂e

Scope 2 – Location based (Indirect): 2,356 tCO₂e

Scope 2 – Market-based (Indirect): 0 tCO₂e

Scope 3 – Water – 14 tCO₂e

Scope 3 – Waste (excludes non store facilities)– 39 tCO₂e

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 2021/22', and the GRI Report Quality principles of Accuracy, Balance, Clarity, Comparability, Reliability, and Timeliness.

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

- 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

- 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 encourage Big Yellow to continue to extend the scope of data assurance to additional People and Community KPIs in future years.

Signed:



H. Crick

UK Business Manager

For and on behalf of SGS United Kingdom Ltd

Rossmore Business Park, Ellesmere Port, Cheshire CH65 3EN

Date: 11 May 2022

Governance Report

Executive Chairman's introduction

Dear Shareholder,

I am pleased to present the Corporate Governance Report for 2022. This report should be read in conjunction with the report on pages 83 to 88, which set out how we have complied with the UK Corporate Governance Code in 2022.

As outlined in my report on pages 14 to 17, 2022 has been a year of growth for the Company, with revenue, cash flow and dividends all up on the prior year, an increase in our development pipeline to help drive the future growth of the Company, and the acquisition of the remaining 80% of Armadillo that we did not previously own.

Governance

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

Engagement with our stakeholders

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

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

The culture of the business is a key part of our success. In the year to 31 March 2022, the Executive Board Directors have continued to visit each of the Group's stores and maintain a flat, apolitical, non-hierarchical culture within the business.

We continue to monitor the Net Promoter Score that we receive from our customers, which remains at a very high level of 78.9 (2021: 82.9).

Looking ahead

Following our performance this year, our attention for the coming year is focussed on continuing to drive the operating performance of the business to deliver shareholder value. We will continue to invest in our Big Yellow Foundation and its partner charities and also work with local charities throughout our network assisting with space which they need to deliver their programmes.

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



Nicholas Vetch
Executive Chairman

23 May 2022

➔ How we are structured

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

The Board

Nicholas Vetch
Executive Chairman

The Board is responsible for:

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

Executive Directors

The Executive Directors are responsible for:

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

 Turn to page 83 for more information

Nomination Committee

The Nominations Committee is responsible for:

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

 Turn to pages 89 to 91 for more information

Audit Committee

The Audit Committee is responsible for:

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

 Turn to pages 118 to 121 for more information

Remuneration Committee

The Remuneration Committee is responsible for:

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

 Turn to pages 94 to 117 for more information

Sustainability Committee

The Sustainability Committee is responsible for:

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

 Turn to pages 92 to 93 for more information

Governance Report

Directors, Officers and Advisers

Executive Directors

Nicholas Vetch
Executive Chairman

Appointment to the Board

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

Background and relevant experience

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

Other appointments

Nicholas is a Trustee of Global Human Rights, Global Human Rights UK and the Ukrainian Sponsorship Pathway UK.

Committee Membership

None

Skills and contribution

The Company under Nicholas Vetch's leadership has an outstanding track record for delivering consistently strong returns and share price outperformance. Nicholas, along with his co-founder Jim Gibson, developed the strategy of the business and this continues to this day. He is also responsible for leading the property team and has over 35 years' experience working within the UK property sector. Further details on Nicholas' contribution to the business is included in the annual report on page 83.

Jim Gibson
Chief Executive Officer

Appointment to the Board

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

Background and relevant experience

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

Other appointments

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

Committee Membership

None

Skills and contribution

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

Adrian Lee
Operations Director

Appointment to the Board

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

Background and relevant experience

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

Other appointments

Adrian is on the Board of the UK Self Storage Association.

Committee Membership

None

Skills and contribution

Adrian has twenty three years of operational experience in the self storage sector. He has responsibility for Operations and Construction. His experience has proved invaluable as we have navigated the uncertainties caused by Covid-19.

John Trotman
Chief Financial Officer

Appointment to the Board

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

Background and relevant experience

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

Other appointments

None

Committee Membership

None

Skills and contribution

John brings strong financial experience to the Group from his 15 years with Big Yellow and prior to that in his previous roles. As CFO, in addition to dealing with the traditional aspects of the role, John is involved in strategy, and in particular all aspects of the day-to-day operations of the business, working alongside Adrian Lee. He has extensive knowledge of the self storage sector.

Committee key

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

Non-Executive Directors

Richard Cotton N A R S

Non-Executive Director

Appointment to the Board

Richard joined the Board in July 2012

Background and relevant experience

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

Other appointments

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

Committee Membership

Chair of Nominations Committee (until July 2021), Chair of Remuneration Committee (from August 2020) and Member of Audit, Nominations and Sustainability Committees.

Skills and contribution

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

Dr Anna Keay N A R S

Non-Executive Director

Appointment to the Board

Anna joined the Board in March 2018.

Background and relevant experience

Anna has been CEO of the Landmark Trust since 2012, operating a portfolio of 200 historic buildings let for holidays. She has a PhD from London University, starting her career at Historic Royal Palaces and from 2002 to 2012 she was Curatorial Director of English Heritage. She was a trustee of Leeds Castle Foundation from 2009 to 2016 and was a Governor and Chair of the Buildings and Projects Committee at Bedales School until November 2021.

She writes and broadcasts widely, presenting on history and buildings for Channel 4.

Other appointments

Anna is a Trustee of the Royal Collection Trust, a Director of Architrave Historical Services and of the Lundy Company.

Committee Membership

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

Skills and contribution

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

Vince Niblett N A R S

Senior Independent Non-Executive Director

Appointment to the Board

Vince was appointed to the Board in June 2017

Background and relevant experience

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

Other appointments

Vince is also a Non-Executive Director and Chair of the Audit Committee of Forterra plc, and a Non-Executive Director of Target Healthcare REIT plc.

Committee Membership

Senior Independent Non-Executive Director, Chair of the Nominations Committee (from July 2021), Chair of the Audit Committee (until July 2021) and Member of the Audit, Remuneration and Sustainability Committees.

Skills and contribution

Vince has many years of financial and commercial experience gained from his leadership roles at Deloitte. He worked closely with Richard Cotton on the Remuneration consultation in the current year.

Governance Report

Directors, Officers and Advisers (continued)

Laela Pakpour Tabrizi (N) (A) (R) (S)
Non-Executive Director

Appointment to the Board

Laela was appointed to the Board in July 2020.

Background and relevant experience

Laela has 16 years' experience in corporate finance, and is currently the Chief Financial Officer of OpenClassrooms, an online platform offering top quality, education-to-employment programs, and career coaching services for students worldwide. She was previously the Group Chief Financial Officer of MotorK, a venture-backed software as a service tech scale-up, the Group CFO of VistaJet, the global private jet operator, and before that worked in Structured Finance for BNP Paribas. She is a graduate of the Institut d'Etudes Politiques de Paris (Sciences-Po) and the London School of Economics.

Other appointments

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

Committee Membership

Chair of Audit Committee (from July 2021) and Member of Nominations, Remuneration and Sustainability Committees.

Skills and contribution

Laela has significant corporate and financial experience in high growth businesses, adds to the diversity of the Board and brings her own perspective to Board discussions. She has overseen the work of the audit committee, which included monitoring KPMG LLP as auditors to the Company, and meeting with the external valuers of the Company. She has maintained close dialogue with the external auditors and the senior finance team throughout the year.

Heather Savory (N) (A) (R) (S)
Non-Executive Director

Appointment to the Board

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

Background and relevant experience

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

Other appointments

Heather serves as a Non-Executive Director of the UK House of Lords Information Authority, as a Non-Executive Director and Chair of the Audit and Risk Assurance Committee for Her Majesty's Prison and Probation Service (HMPPS), as a Trustee of the Ukrainian Sponsorship Pathway Charity (USPUK) and on several Not-for-Profit Advisory Boards.

Committee Membership

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

Skills and contribution

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

Michael O'Donnell (N) (A) (R) (S)
Non-Executive Director

Appointment to the Board

Michael joined the board of the Big Yellow in September 2021.

Background and relevant experience

Michael is a former Managing Director of LGV Capital, a private equity firm. He has a particular focus on the healthcare and business services sectors. Past roles include as a Non-Executive Director, and chair of the Remuneration Committee, of Helical plc.

Other appointments

Through his company, Ebttide Partners, which he started in 2009, Michael acts as a consultant/director to, and investor in, private companies.

Committee Membership

Chair of the Remuneration Committee (from July 2022) and Member of Audit, Nominations, and Sustainability Committees

Skills and contribution

Michael has a wealth of experience in the private equity sector, with a focus on high growth businesses. His previous Non-Executive role with Helical plc also provides relevant experience.

Company Secretary and Registered office

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

Company Registration No. 03625199

Bankers

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

Solicitors

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

Financial advisers and stockbrokers

J P Morgan Cazenove
Barclays Bank plc

Statutory Auditor

KPMG LLP
Chartered Accountant and Statutory Auditors

Valuers

Jones Lang LaSalle

Corporate Governance Report

Introduction

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

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

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

Statement of compliance with the Code

Throughout the year ended 31 March 2022, the Company has been in compliance with the Code provisions set out in section 1 of the 2018 UK Corporate Governance Code, with the exception of Provision 19 in that the Executive Chairman of the Company has served in position for longer than the recommended period of nine years, and with Provisions 40 and 41 (see Remuneration Report).

Chairman's position

During the year ended 31 March 2020, which was the Company's first operating under the principals of the new Combined Code, Richard Cotton and Vince Niblett consulted with a number of the Company's largest shareholders about the length of Nicholas Vetch's tenure as Executive Chairman (19 years), which is in contravention of the Combined Code. It is now advised as governance best practice that the Chairman should serve for a maximum of 9 years. It is the view of the Board that it is in the Company's best interest for Nicholas Vetch to continue as Executive Chairman for the foreseeable future.

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

1. The Company under Nicholas Vetch's leadership has an outstanding track record for delivering consistently strong returns and share price outperformance. In the twenty two years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return ("TSR"), including dividends reinvested, of 15.8% per annum, in aggregate 2,401% at the closing price of £15.36 on 31 March 2022. This compares to 6.2% per annum for the FTSE Real Estate Index and 5.1% per annum for the FTSE All Share index over the same period. He has been an integral part of the business since inception.
2. Big Yellow has a strong culture, which has benefited from stable and consistent leadership of the business.

3. The Board has six independent NEDs, four of whom have been appointed within the past four years, providing fresh perspective and challenge. The NEDs have a wide range of corporate experience and provide effective challenge to the Chairman and the other Executive Directors, which was endorsed by the external appraisal undertaken by Simon Robertson Associates in 2020.
4. The Board has separate committees for Audit, Nomination, Remuneration and Sustainability, each of which are chaired by a Non-Executive Director, and we have a Senior Independent Director who is considered important in sharing the role of Chairman's duties. Specific examples of the board discussion include examination and engagement in the acquisition of new sites, funding decisions, and the Group's net zero carbon plan.
5. As a Board, we have contingency plans in place in the event one of the Executive Directors cannot fulfil their responsibilities, with a matrix of who would step in to cover their roles. Considerable thought has been given by the Board to succession, which has been approached in the context of a very successful senior team of whom the majority have been in post since the Company was listed in 2000. More detail is provided in the Nominations Committee Report.

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

Statement about applying the principles of the Code

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

Leadership

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

Chairman and Chief Executive

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

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

Governance Report

Corporate Governance Report (continued)

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

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

Effectiveness

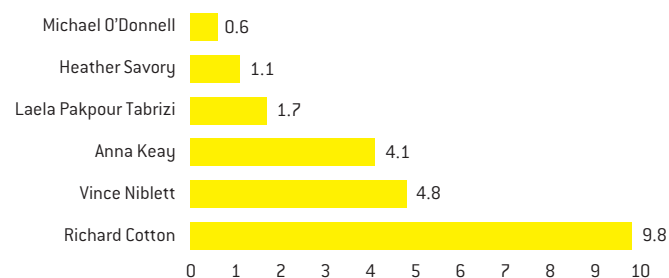
Composition of the Board

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

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

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

The tenure of the independent Non-Executive Directors at 31 March 2022 is set out below:



Changes to the Board and its Committees

Michael O'Donnell joined the Board as an independent Non-Executive Director on 1 September 2021.

At the 2021 Annual General Meeting, Vince Niblett succeeded Richard Cotton as the Senior Independent Director and Chair of the Nominations Committee. Laela Pakpour Tabrizi succeeded Vince Niblett as the Chair of the Audit Committee with effect from the 2021 Annual General Meeting. Richard Cotton is retiring from the Board with effect from the 2022 Annual General Meeting. Michael O'Donnell will succeed Richard Cotton as the Chair of the Remuneration Committee with effect from the 2022 Annual General Meeting.

The board and its committees

Standing committees of the Board

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

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

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

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

Director	Position	Number of meetings attended
Richard Cotton	Non-Executive Director	●●●●●●●●
Jim Gibson	Chief Executive Officer	●●●●●●●●
Anna Keay	Non-Executive Director	●●●●●●●●
Adrian Lee	Operations Director	●●●●●●●●
Vince Niblett	Non-Executive Director	●●●●●●●●
Michael O'Donnell	Non-Executive Director	○●●●●●●●
Laela Pakpour Tabrizi	Non-Executive Director	●●●●●●●●
Heather Savory	Non-Executive Director	●●●●●●●●
John Trotman	Chief Financial Officer	●●●●●●●●
Nicholas Vetch	Executive Chairman	●●●●●●●●

- attended
- absent
- not applicable

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

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

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

Information and professional development

All Directors are provided with detailed financial information throughout the year. On a weekly basis they receive a detailed occupancy report showing the performance of each of the Group's open stores.

Management accounts are circulated to the Executive monthly and a detailed Board pack is distributed a week prior to each Board meeting.

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

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

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

Accountability

Risk management and internal control

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

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

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

Governance Report

Corporate Governance Report (continued)

A formal risk identification and assessment exercise has been carried out resulting in a risk framework document summarising the key risks, potential impact and the mitigating factors or controls in place. The key risks the Group faces are detailed on pages 46 to 50 in the Operating and Financial Review. The Board has a stated policy of reviewing this risk framework at least once a year or in the event of a material change. The risk identification process also considered significant non-financial risks.

During the reviews in the year, the Directors:

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

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

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

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

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

Going concern

The Group’s activities, and a fair review of the business, are included in the Strategic Report on pages 14 to 33. The financial position of the Group, including its cash flow, liquidity, and committed debt facilities are discussed in the Financial Review on pages 40 to 45.

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

Engagement with stakeholders

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

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

Stakeholder Group	Form of engagement	How this influenced the Board during the year
Our employees	<p>During the year we carried out our fourth externally run employee engagement survey. We were very pleased to have achieved an engagement score across the Company of 86%, which despite the challenges our teams faced during this period, reflects very favourably when compared to our score of 87% in 2019. Our highest scoring areas were inclusion and diversity 90% (2019: 94%) leadership 89%, management style 89% and organisational integrity 88%, all of which scored the same result as in 2019.</p> <p>The Executive Directors have continued to actively engage with our teams on working practices and ensuring our team members and our customers are in a safe environment.</p> <p>The Directors have continued to visit every store in the portfolio over the course of the year.</p> <p>Further detail is provided below on how Anna Keay, the designated Workforce Engagement Director has carried out her role during the year.</p>	<p>The survey has provided us with the opportunity to review areas such as communication, wellbeing and employee voice, albeit that these areas still scored well with results in the mid to late 70s. Our actions resulting from the survey have been incorporated into Implementation Plans which have been communicated across the business, with progress reviews and updates being issued on an ongoing basis.</p> <p>Actions taken in response to the feedback from the employee engagement survey include a reduction in store opening hours, and the introduction of a lone trading bonus.</p> <p>Store teams have been encouraged to email the Directors directly with any recommendations or observations to improve our working protocols.</p> <p>The Directors have responded directly to all these emails, and changes have been made to the Group’s practices where applicable.</p> <p>There is further detail on how the Board engage with our people on page 88.</p>

Stakeholder Group	Form of engagement	How this influenced the Board during the year
Our shareholders	<p>The Company has an active dialogue with its shareholders through a programme of investor meetings which include formal presentation of the full and half year results. The Executive Board Directors have participated in a number of virtual, and more latterly face-to-face, investor conferences and meetings during the year. During the year ended 31 March 2022, the Chief Executive and other Executive Board Directors carried out 206 meetings with UK and overseas institutional shareholders and potential investors. These meetings comprised group and individual presentations.</p> <p>The Board also welcomes the interest of private investors and believes that, in addition to the Annual Report and the Company's website, the Annual General Meeting is an ideal forum at which to communicate with investors and the Board encourages their participation.</p>	<p>The Board receives regular feedback on investor perceptions about the Company. After each set of results, key investors are interviewed on their perceptions of the performance of the business and management. The findings are reviewed by the Board. At each Board Meeting, the Board is updated on any shareholder meetings that have taken place, and any views expressed, or issues raised by the shareholders in these meetings.</p> <p>The Senior Independent Non-Executive Director Vince Niblett, and the Chair of the Remuneration Committee Richard Cotton, engaged with a number of our investors during the year. Meetings mainly focussed on the proposed new Remuneration Policy.</p>
Our customers	<p>The Group sends surveys to all customers who have moved in and moved out of the business. A high response rate is received to these surveys, which show a net promoter score of 78.9.</p>	<p>The net promoter scores are reported to the Board at each Board meeting and any recurring themes highlighted to allow discussion around the approach to our customers.</p> <p>The Directors discuss net promoter scores and customer feedback with store teams on their regular visits to the Group's stores.</p> <p>The net promoter scores achieved from our customers are used as one of the metrics in the bonus plan of the Executive Board Directors.</p>
Our suppliers	<p>Regular meetings are held between suppliers and their Big Yellow contact. Appropriate external tendering is carried out for any new suppliers.</p> <p>On anti-corruption and anti-bribery matters, we expect all our suppliers to be compliant with the Modern Slavery Act and we work closely with our suppliers to promote best practice. During the year this included engaging with suppliers we had identified as being within potentially high-risk categories and carrying out audits of their compliance with these regulations and providing support to them.</p>	<p>The Board annually approves the Group's Modern Slavery statement.</p> <p>The Group is a member of the Prompt Payment Code, supporting our smaller suppliers with on time payments.</p> <p>During the year the Group appointed a specialist consultancy to carry out a review of its supply chain ethics. This work is ongoing, and we will report on its results next year.</p>
Our communities	<p>We demonstrate Big Yellow's culture and commitment to our communities through the work of the Big Yellow Foundation which aims to help vulnerable people lead better lives, working in partnership with several charities.</p> <p>Big Yellow matches any donations from our customers at move-in and move-out. We also match any funds raised by our employees and allow each member of our team one paid day per year for volunteering.</p> <p>We also support over 200 local charities with free or discounted space throughout our network.</p>	<p>The Board receives regular updates regarding the Foundation's activities. The Board endorses the culture of giving back time to support these charities and the financial commitment made by Big Yellow.</p> <p>Jim Gibson, CEO, is the Chair of the Trustees of the Big Yellow Foundation.</p>
Our environment	<p>We engage relevant subject matter experts to assess the impact our business has in the first instance as part of the planning and construction process. Our partners perform detailed assessment on likely impacts on land, water, biodiversity, air quality and other key aspects. It is our aim to not just minimize any negative aspects, but also 'listen' carefully and enhance where possible, through the installation of green roofs or bird or bat nesting boxes for example. We extensively report on our Operational impacts, such as energy consumption, carbon emissions, waste we create and water we use as part of our full CSR Report and have systems and processes in place to manage material aspects, such as energy.</p>	<p>The Board receives regular updates on our environmental performance and activities.</p> <p>The Board endorses the Group's commitment to investing at all stages of our stores' lifespan to ensure our impact on the Environment is minimised. It signs off on the budgets to deliver solar installations and electric vehicle charging pods for example.</p> <p>The Board established a formal Sustainability Committee last year chaired by Non-Executive Director Heather Savory.</p>

Governance Report

Corporate Governance Report (continued)

Employee relations and company culture

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

The Executive Board Directors spend a considerable amount of time meeting with the Group's employees and visit every store at least once a year. We recognise the value of the culture of the business and these visits create an opportunity for it to be cascaded from the boardroom. The Group's Non-Executive Directors also participate in some of these visits, allowing them to develop and maintain a greater insight into the business, producing an informed and higher quality Board discussion on employee matters.

The Group carries out regular engagement surveys of its staff, including a full survey during the current financial year (see Our Employees above). These surveys tell us what our staff value about the business and the importance of continued personal development. Detailed action plans are created following these engagement surveys and a number of changes to the way we operate have been made as a result of these surveys. The level of employee engagement evidenced by these surveys remained very high.

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

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

Workforce Engagement Director

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

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

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

She oversees and is responsible for the following:

- involvement in the Workforce Engagement Group discussions and occasional attendance at Workforce Engagement Group meetings;
- involvement in key employee project groups where for example employee views are sought on the business or policy and procedural changes;
- maintaining an awareness of the suggestions made under the Company's Bright Ideas Scheme to include key trends and awards made;
- along with all the Company's Non-Executive Directors, participation on store tours (pre-planned visits to individual stores);
- along with all the Company's Non-Executive Directors attending the Annual Sales Conference;
- provision of feedback to the Board on the annual employee engagement survey, with assistance from the Human Resources team and our survey partner;
- receiving detailed feedback from the Executive Board Directors on their interaction with employees;
- regular meetings with the Head of HR to discuss employee relations and issues;
- annual face-to-face sessions with groups of employees in different areas of the business to hear views and concerns;
- acting as an alternative contact to whom employees can report confidential matters and raise concerns under the Company's Whistleblowing Policy; and
- reporting back to the Board and Non-Executive Directors on the above.

Report of the Nominations Committee

Committee members and attendance

Member	Number of meetings attended
Vince Niblett – Chair and Senior Independent Director (from 22 July 2021)	●
Richard Cotton – Chair and Senior Independent Director (until 22 July 2021), Member from 22 July 2021	●
Anna Keay – Member	●
Michael O'Donnell – Member	●
Laela Pakpour Tabrizi – Member	●
Heather Savory – Member	●

● attended
○ absent
○ not applicable

Introduction

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

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

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

Board performance evaluation

During 2020, the effectiveness of the Board and its Committees was evaluated by Simon Robertson Associates LLP ("SRA"). Simon Robertson Associates have no other business relationship with the Group or any of the Company's Directors. SRA met each Director individually, the Company Secretary, many of the senior management team and certain external advisers to the Company. They also attended Board and Committee meetings, with the results of the evaluation presented to the full Board.

Outcome

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

SRA made a number of recommendations including:

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

Governance Report

Report of the Nominations Committee (continued)

During the current year, the Senior Independent Director led an internal evaluation of the Board's performance. This consisted of a review with each Director of their assessment of the effectiveness of the Board and its discussions. The Senior Independent Director provided a summary of these discussions to the Board. It was considered that the Board was operating effectively, with some minor areas identified for improvement. The Board intends to commission an externally facilitated review of the Board in the year ending 31 March 2023.

Director evaluation

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

Succession planning

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

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

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

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

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

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

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

Board and Company gender diversity

Board

Total: 10

7	3	70:30
Male	Female	Male / female ratio

Key Executives

Total: 8

3	5	38:62
Male	Female	Male / female ratio

Board and Key Executives

Total: 18

10	8	56:44
Male	Female	Male / female ratio

All employees

Total: 495

272	223	55:45
Male	Female	Male / female ratio

Big Yellow Executive team

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

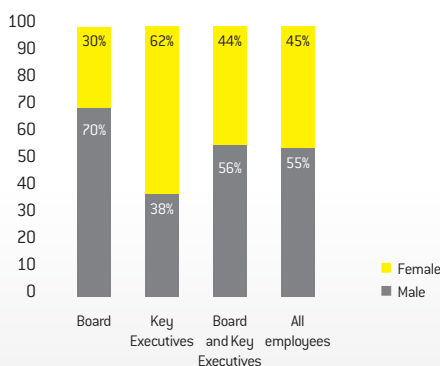
In addition to the four Executive Board Directors, the other members of the Executive team cover finance, sales and marketing, operations, facilities, construction, human resources, information technology and digital security, and CSR.

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

Policy on diversity

All aspects of diversity, including gender are considered at every level of recruitment. All appointments to the Board are made on merit. The Board's policy states that the Board seeks a composition with the right balance of skills and diversity to meet the demands of the business. The Company meets the 30% current recommended minimum proportion of women on the Board. Two members of the Board are from ethnic minority backgrounds, representing 20% of the Board (which increases to 25% following Richard Cotton and Adrian Lee's retirement from the Board at the AGM).

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



External appointments

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

Directors standing for re-election

All of the Directors will retire in accordance with the UK Corporate Governance Code and will offer themselves for re-election at the Annual General Meeting, with the exception of Richard Cotton, who is stepping down as a Non-Executive Director after serving his full term, and Adrian Lee, who is stepping down from the PLC board, but continuing in his role as Operations Director on the Board of the trading business.

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

The Board, on the advice of the Committee, therefore recommends the re-election of each Director standing for re-election. Full biographical details of each Director are available on page 80.

Vince Niblett
 Nominations Committee Chair
 23 May 2022

Governance Report

Sustainability Committee Report

Committee members and attendance

Member	Number of meetings attended
Heather Savory – Chair	●●
Richard Cotton – Member	●●
Anna Keay – Member	●●
Vince Niblett – Member	●●
Michael O'Donnell – Member	●●
Laela Pakpour Tabrizi – Member	●●

● attended
● absent
○ not applicable

Introduction

The Sustainability Committee is responsible for:

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

The Sustainability Committee has determined its scope as:

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

The scope of the Sustainability Committee excludes:

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

Overview

The Sustainability Committee meets twice a year: in September and in March, attended by all Big Yellow Board Members and the Head of CSR. External experts may be called to the Sustainability Committee on an ad hoc basis, as determined by the meeting agenda.

The Head of CSR and Big Yellow's Sustainability Strategy are supported and delivered within the business through an executive level, cross-disciplinary Environmental Committee. Big Yellow staff form this committee.

The Sustainability Committee has reviewed progress against the agreed Sustainability Strategy. Progress is positive for the year, despite some challenges with the initially selected solar panel supply chain. The Committee has supported the business's decision to move to a solar panel supplier with fewer supply chain issues, at a material increase to the costs of the solar refit programme.

The Head of CSR has informed the Committee that progress on the battery pilot, although slow initially due to external delays in the delivery of the battery, is on track. Battery installation commenced at the end of March 2022 and the proof of concept phase with external partners commenced 1 April 2022.

During the year, the Sustainability Committee agreed that the Company would commit to the 'Race to Zero' campaign, which commits to Science-Based Targets that aim to limit global warming to 1.5°C.

Big Yellow has subsequently confirmed its commitment to the Science Based Targets initiative (SBTi) and approved a framework presented at the Sustainability Committee meeting in March 2022. The Committee has requested that the Science-Based Targets are published in the year ended 31 March 2022 full CSR report, with the work to gain approval from the SBTi taking place in parallel.

The Sustainability Committee also considered the adoption of a commitment to fully certified BREEAM Very Good standards for all new builds, even where local planning does not demand such a high standard, and has agreed that Very Good, certified, should be the minimum BREEAM requirement for all new builds.

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

Heather Savory

Sustainability Committee Chair

23 May 2022

Governance Report

Remuneration Report

Committee members and attendance

Member	Number of meetings attended
Richard Cotton – Chair	●●●●
Anna Keay – Member	●●●●
Vince Niblett – Member	●●●●
Michael O'Donnell – Member	○●●●
Laela Pakpour Tabrizi – Member	●●●●
Heather Savory – Member	●●●●

● attended
○ absent
 not applicable

Introduction

This report has been prepared by the Remuneration Committee and approved by the Board. It has been prepared in accordance with Schedule 8 of the Large and Medium-size Companies and Groups (Accounts and Report) (Amendment) Regulations 2013 (the “Regulations”).

The report is divided into three main sections:

- **The Annual Statement** – which summarises the remuneration outcomes in the year ended 31 March 2022 and how, subject to shareholder approval, the new Remuneration Policy will be operated in the year ending 31 March 2023;
- **The Remuneration Policy Report** – which sets out the proposed Remuneration Policy to be approved by shareholders at the 2022 AGM; and
- **The Annual Report on Remuneration** – which sets out how the Committee intends to operate the Remuneration Policy for the year ending 31 March 2023, the link between Company performance and remuneration and payments and awards made to the Directors in respect of the year just ended.

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

The Committee and its Work During the Year

Committee Chair: Richard Cotton

Current Committee members: Vince Niblett, Anna Keay, Michael O'Donnell, Laela Pakpour Tabrizi and Heather Savory

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

The Committee met four times during the year under review. The Committee's main activities during the year ended 31 March 2022 (full details are set out in the relevant sections of this report) included:

- Agreeing Executive Director base salary increases from 1 April 2022;
- Agreeing the cash annual bonus awards for the year ended 31 March 2021 and setting the targets for the year ended 31 March 2022;
- Agreeing the deferred annual bonus plan awards for the year ended 31 March 2021 and setting the targets for the year ended 31 March 2022;
- Reviewing the EPS and Total Shareholder Return ("TSR") performance targets and determining the percentage vesting for the 2018 LTIP awards which vested in 2021;
- Reviewing the CEO Pay Ratio calculations and disclosures;
- Reviewing the Company's Gender Pay calculations and disclosures;
- Reviewing the Company's Ethnicity Pay calculations and disclosures; and
- Reviewing the 2021 AGM voting results, considering shareholder feedback received and consulting with major shareholders on a revised Remuneration Policy for the 2022 AGM.

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

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

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

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

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

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

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

Governance Report

Remuneration Report (continued)

Annual statement

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2022.

Performance, Decisions and Reward Outcomes for the year ended 31 March 2022

The business conditions and performance of the Group in the year ended 31 March 2022 are described more fully in the Chairman's Statement and the Operating and Financial Review of this Annual Report. In summary:

- The business of the Group performed strongly despite the continued impact of the pandemic throughout the financial year;
- Big Yellow remains the clear UK brand leader in self storage and delivered growth in revenue, cash flow and earnings for the thirteenth year in a row;
- Revenue, operating cash flow and adjusted profit before tax increased 27%, 40% and 30% respectively; and
- Dividends are being increased by 24%.

Payments made to the Executive Board Directors under the cash annual bonus plan for the year ended 31 March 2022 amounted to 10.3% of salary (out of a maximum of 25% of salary), based on performance against pre-set targets for occupancy, store profitability, store audits and customer satisfaction. The targets set, and the out-turn, were identical to the average bonus awarded across the stores and head office.

Awards made to the Executive Board Directors under the deferred annual bonus plan for the year ended 31 March 2022 amounted to 119.25% of salary (out of a maximum of 125% of salary), based on performance against financial and non-financial performance targets linked to the business plan.

In respect of the Long Term Incentive Plan ("LTIP") awards granted in 2018, which vested in July 2021, three-year EPS and TSR performance resulted in 62% of awards vesting.

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

Operation of the Policy and use of discretion

The Remuneration Policy operated as intended for the year ended 31 March 2022, and no discretion was applied.

Policy review

Following shareholder approval of the rolled forward Policy at the 2021 AGM, and after giving further consideration to feedback received in respect of the structure and quantum of remuneration, the Committee has concluded that it wishes to make two changes to the Remuneration Policy at the 2022 AGM.

- LTIP potential is currently capped at 100% of salary and awards have been granted at this level since the annual LTIP grant policy was introduced in 2010. Subject to shareholder approval, the Committee wishes to increase LTIP award potential to 200% of salary. The proposed change will enable LTIP awards to be granted over shares with a value equal to 200% of salary which will align LTIP potential to market levels in % of salary terms, albeit it will remain below market in £ terms given the below market salary levels; and
- Where an Executive Director has not met the 200% of salary 'in employment' shareholding guideline, the current Policy requires at least 50% of the net of tax shares which vest under any discretionary share award to be retained. From the 2022 AGM, rather than 50%, the Committee will require 100% of the net of tax discretionary share awards which vest to be retained until the shareholding guideline is met.

Major shareholders were consulted, and the majority were able to confirm that they were supportive of the proposals.

Implementing the Policy for the Year Ending 31 March 2023

Base salary

The Committee has operated a policy of targeting base salaries "close to (but generally just below) median" for some time. However, notwithstanding that Executive Director base salary levels are currently well below the market level for a FTSE 250 company of Big Yellow's size and complexity, salary levels were increased by 4% in line with the general workforce increase from 1 April 2022:

	Chief Executive (Jim Gibson)	Executive Chairman (Nicholas Vetch)	Chief Financial Officer (John Trotman)	Operations Director (Adrian Lee)
From 1 April 2021	£448,800	£382,500	£331,500	£290,700
From 1 April 2022	£466,750	£397,800	£344,750	£302,325
% increase	4%	4%	4%	4%

Pension & benefits

Pension provision for the Executive Directors will continue at 6% of salary, which is in line with the pension offered to the general workforce. Benefit provision will remain unchanged (private fuel, private medical insurance, permanent health insurance, life assurance and relocation allowances, where relevant).

Annual bonus

Annual bonus potential will continue to be capped at 150% of salary for the year ending 31 March 2023.

Up to 25% of salary will continue to be aligned to the workforce annual bonus (measured against store performance, through occupancy growth, store profitability, store audits and customer satisfaction scores). Any bonus earned under this part will be payable in cash, following the year ending 31 March 2023.

The remaining 125% of salary will continue to be measured against financial, operational, real estate and strategic targets measured over the financial year ending 31 March 2023. Any award under this part will be deferred into Big Yellow shares for three years (with vesting subject to continued employment).

LTIP

The LTIP will continue to operate in its current form following the Policy review, albeit with two changes. The Committee:

- wishes to increase award potential from 100% to 200% of salary (albeit award levels will remain below market in value terms given the below market salary levels). Subject to shareholder approval, LTIP awards will be granted up to 200% of salary to Executive Directors shortly following the 2022 AGM; and
- will introduce ESG related performance metrics for 20% of LTIP awards from 2022 onwards. The remaining 80% of awards will be measured against Earnings Per Share (“EPS”) and relative Total Shareholder Return (“TSR”) although reflecting the increased quantum, the EPS and relative TSR performance targets will be increased at the maximum. Details of the proposed targets for the 2022 LTIP awards are set out in the Annual Report on Remuneration.

Shareholding guidelines – in employment

The guideline to build and maintain a holding of at least 200% of salary in shares of the Company will continue to apply and has been met by all of the current Executive Board Directors. Where a newly appointed Executive Director does not meet the 200% of salary ‘in employment’ shareholding guideline in the future, the current Policy requires at least 50% of the net of tax shares which vest under any discretionary share award to be retained. From the 2022 AGM, rather than 50%, the Committee will require 100% of the net of tax discretionary share awards which vest to be retained until the shareholding guideline is met.

Shareholding guidelines – post employment

The post-cessation shareholding guideline whereby Executive Directors will need to retain shares equal to 100% of the shareholding guideline (or the actual number of shares held against the guideline if the guideline is not met at cessation) up until the second anniversary of cessation will continue to apply.

Conclusion

I hope that, at the AGM on 21 July 2022, you will support the resolutions on: (i) the remuneration paid to the Directors in the last financial year, and the implementation of the new Remuneration Policy for the forthcoming year; and (ii) the new Directors’ Remuneration Policy. No resolution is being tabled in respect of the LTIP as the shareholder approved LTIP already has an authority to grant up to 200% of salary.

Finally, I retire from the Board at the upcoming AGM, and Michael O’Donnell will be taking over as the Chair of the Committee, and I wish him well in the role. I would like to extend my thanks to my fellow colleagues on the Committee for their support and work in 2021/22 and throughout my tenure as Chair of the Committee.

Richard Cotton

Chair of the Remuneration Committee

23 May 2022

Directors’ remuneration policy

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

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

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

Policy Scope

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

Policy Duration

The current Directors’ Remuneration Policy Report was approved by a binding shareholder vote at the AGM on 22 July 2021. A new Remuneration Policy is being put to shareholders for approval at the forthcoming AGM.

Policy Changes

Following a consultation exercise with Big Yellow’s major shareholders and the main shareholder representatives, the Committee is proposing two changes to the current Remuneration Policy as follows:

- **Increase to LTIP Potential** – LTIP potential is currently capped at 100% of salary and awards have been granted at this level since the annual LTIP grant policy was introduced in 2010. Subject to shareholder approval, the Committee wishes to increase LTIP award potential to 200% of salary. The proposed change will enable LTIP awards to be granted over shares with a value up to 200% of salary; and
- **Strengthening of Shareholder Guidelines** – Where an Executive Director has not met the 200% of salary ‘in employment’ shareholding guideline, the current Policy requires at least 50% of the net of tax shares which vest under any discretionary share award to be retained. From the 2022 AGM, rather than 50%, the Committee will require 100% of the net of tax discretionary share awards which vest to be retained until the shareholding guideline is met.

Governance Report

Remuneration Report (continued)

Summary Policy table (Executive Board Directors)

The main components of the Directors' Remuneration Policy, and how they are linked to and support the Company's business strategy, which will be presented to shareholders for approval at the 2022 AGM, are summarised below:

Executive Board Directors

	Purpose and link to strategy	Operation	Maximum potential value	Performance conditions and assessment
Base salary	To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Company.	<p>Base salary is normally set annually on 1 April.</p> <p>When considering any increases to base salaries in the normal course (as opposed to a change in role or responsibility), the Committee will take into consideration:</p> <ul style="list-style-type: none"> ▪ level of skill, experience, scope of responsibilities and performance; ▪ business performance, economic climate, and market conditions; ▪ pay and employment conditions of employees throughout the Group, including increases provided to staff; ▪ inflation; and ▪ increases provided to Executive Board Directors in comparable companies (although such data would be used with caution). 	<p>Salaries are typically set after considering the salary levels in companies of a similar size and complexity in the FTSE 250.</p> <p>Our overall policy is normally to target salaries at close to (but generally just below) median levels.</p> <p>Base salaries are intended to increase in line with inflation and general employee increases in salary.</p> <p>Higher increases may apply if there is a change in role, level of responsibility or experience or if the individual is new to the role.</p> <p>There is no maximum salary cap in place.</p>	None
Annual bonus	The annual bonus aligns reward to key Group strategic objectives and drives short-term performance.	<p>Executive Board Directors participate in an annual performance-related bonus scheme.</p> <p>Up to 25% of salary will be paid in cash. Up to 125% of salary will be deferred into shares for three years.</p> <p>Dividend equivalents may be payable on deferred share awards.</p> <p>The annual bonus plan rules contain clawback and malus provisions.</p>	150% of salary.	Assessed annually and determined by the Committee based on financial, strategic and/or personal performance against the Group's business plan for each financial year.
Long Term Incentive Plan	The Long Term Incentive Plan aligns Executive Director interests with those of shareholders and rewards value creation.	<p>Awards are made annually to the Executive Board Directors (and certain senior managers who are in a position to significantly influence the performance of the Group) in the form of nil-paid options.</p> <p>The awards granted under the Long Term Incentive Plan are subject to performance conditions to be met over a performance period of three years.</p> <p>Dividend equivalents may be payable on LTIP awards during the vesting period, to the extent awards vest.</p> <p>The LTIP contains malus and clawback provisions.</p> <p>A two year post vesting holding period applies to LTIP awards granted to Executive Directors following the 2018 AGM.</p>	200% of salary, albeit actual award levels may be lower.	Vesting under the LTIP will be based on financial, share-price, strategic and/or ESG related performance measures.

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

Governance Report

Remuneration Report (continued)

Notes to the policy table

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

1. Annual bonus performance measures and targets

Annual bonuses for the Executive Board Directors are based on:

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

2. Long Term Incentive Plan performance measures and targets

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

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

3. Malus and clawback

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

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

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

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

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

4. Discretion

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

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

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

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

5. Differences in remuneration policy for all employees

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

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

Illustrations of application of Remuneration Policy

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

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

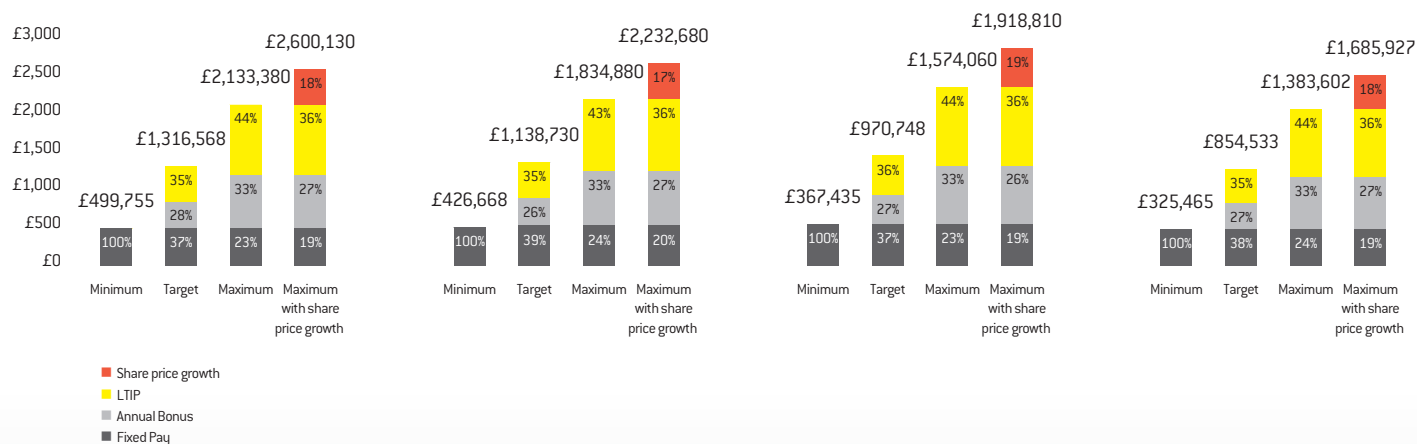
Scenario	Description	Chief Executive	Executive Chairman	Chief Financial Officer	Operations Director
Fixed Pay					
	Base salary (from 1 April 2022)	£466,750	£397,800	£344,750	£302,325
	Estimated Benefits	£5,000	£5,000	£2,000	£5,000
	Pension (% of salary)	6%	6%	6%	6%
On-target	50% of annual bonus award being paid and 50% vesting of the LTIP.				
Maximum	100% of annual bonus award being paid (i.e. 150% of salary) and 100% vesting of the LTIP (i.e. 200% of salary, albeit actual awards levels may be lower).				
Maximum Plus 50% share price growth	As per the Maximum scenario but assuming 50% share price growth on LTIP awards.				

Chief Executive Officer

Executive Chairman

Chief Financial Officer

Operations Director



Governance Report

Remuneration Report (continued)

Summary Policy table (Non-Executive Directors)

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

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

Approach to recruitment remuneration

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

Salary and benefits	<ul style="list-style-type: none"> ▪ Set by reference to market and taking account of individual experience and expertise in the context of the role. ▪ Salary would also be set with reference to the salary of any departing Executive Director and the remaining Executive Board Directors. ▪ The Executive Director would be eligible to receive benefits in line with Big Yellow Group's benefits policy as set out in the remuneration policy table – this includes either a contribution to a personal pension scheme or cash allowance in lieu of pension benefits in line with the policies set out in the policy table.
Maximum variable incentive	<ul style="list-style-type: none"> ▪ Annual bonus of up to 150% of base salary. ▪ Long term incentive plan award of equivalent to 200% of base salary.
Sign-on payments	<ul style="list-style-type: none"> ▪ The Company does not provide sign-on payments to Executive Board Directors.
Share buy-outs	<ul style="list-style-type: none"> ▪ Any previous outstanding share awards which the Executive Director holds which would be forfeited on cessation of his or her previous employment may be compensated. ▪ Where this is the case, the general principle is that the outstanding award will be valued based on the consideration of the following factors: <ul style="list-style-type: none"> – The proportion of the performance period completed on the date of the Director's cessation of employment; – The performance conditions attached to the vesting of the incentives and the likelihood of them being satisfied; and – Any other terms and conditions having a material impact on their value. ▪ The valuation will be conducted using a recognised valuation methodology by an independent party and the equivalent 'fair value' may be awarded as a one-off LTIP on date of joining under the Company's existing long-term incentive plan. To the extent that this is not possible, a bespoke arrangement will be used. ▪ To ensure effective retention of the Executive Director upon recruitment, any new award will be granted subject to performance conditions and vesting may be over the same period as those forfeited from the previous employer or a new three year period. ▪ The exact terms will be determined by the Remuneration Committee on a case-by-case basis taking into account all relevant factors.
Relocation policies	<ul style="list-style-type: none"> ▪ In instances where the new Executive Director is relocating from one work location to another, the Company may provide, as a one-off or otherwise, a relocation allowance as part of the Director's relocation benefits. ▪ The level of the relocation package will be assessed on a case-by-case basis but will take into consideration any cost of living differences, housing allowance and schooling.

Service contracts

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

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

Payments for loss of office

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

Statement of consideration of shareholders' views

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

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

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

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

Governance Report

Remuneration Report (continued)

Shareholder voting

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

The table below shows the advisory vote on the 2021 Remuneration Report and the binding vote on the Remuneration Policy at the AGM held on 22 July 2021.

	Votes for	%	Votes Against	%	Votes withheld
2021 Remuneration Report	139,401,352	93.3%	10,014,714	6.7%	838,691
2021 Remuneration Policy	142,929,739	96.2%	5,673,310	3.8%	1,651,708

Annual report on remuneration

This section of the Remuneration Report contains details of how the Directors' Remuneration Policy will be implemented for the year ending 31 March 2023 and how it was implemented during the year ended 31 March 2022.

Implementing the Policy for the Year Ending 31 March 2023

Base salary

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

Notwithstanding that Executive Director base salary levels are well below the market level for a FTSE 250 company of Big Yellow's size and complexity, salary levels were increased by 4% in line with the general workforce increase from 1 April 2022:

	Chief Executive (Jim Gibson)	Executive Chairman (Nicholas Vetch)	Chief Financial Officer (John Trotman)	Operations Director (Adrian Lee)
From 1 April 2021	£448,800	£382,500	£331,500	£290,700
From 1 April 2022	£466,750	£397,800	£344,750	£302,325
% increase	4%	4%	4%	4%

Pension & benefits

Pension provision for the Executive Directors will continue at 6% of salary, which is in line with the pension offered to the general workforce. Benefit provision will remain unchanged (private fuel, private medical insurance, permanent health insurance, life assurance and relocation allowances, where relevant).

Annual bonus

Annual bonus potential will continue to be capped at 150% of salary for the year ending 31 March 2023.

Up to 25% of salary will continue to be aligned to the workforce annual bonus (measured against store performance, through occupancy growth, store profitability, store audits and customer satisfaction scores). Any bonus earned under this part will be payable in cash, following the year ending 31 March 2023.

The remaining 125% of salary will be measured against financial, operational, real estate and strategic targets measured over the financial year ending 31 March 2023. Any award under this part will be deferred into Big Yellow shares for three years (with vesting subject to continued employment).

LTIP

The LTIP will continue to operate in its current form following the Policy review, albeit with two changes:

- Subject to shareholder approval, award potential will be increased from 100% to 200% of salary. Reflecting the proposed increase to LTIP quantum, the performance conditions will be increased at the top end:
 - Rather than EPS growth of 8% p.a. as used for the 2021 LTIP awards, EPS growth of 9% p.a. will be required for full vesting of this part of the awards; and
 - Rather than upper quartile relative TSR performance, upper quintile relative TSR performance will be required for full vesting of this part of the awards.
- ESG related performance metrics will be introduced for 20% of LTIP awards. The remaining 80% of awards will be measured against Earnings Per Share (EPS) and relative Total Shareholder Return (TSR).

The targets for the 2022 LTIP awards, which will be granted shortly after the 2022 AGM, are as follows:

	Weighting	Threshold (25% of this part of an award vests)	Maximum (100% of this part of an award vests)
Adjusted EPS	50%	4% p.a.	9% p.a.
Relative TSR	30%	Median	Upper Quintile
Retro-fitting of solar panels on the Group's estate	10%	Retro-fitting of solar panels on 30 of the Group's stores	Retro-fitting of solar panels on 40 of the Group's stores
Proportion of Group's external debt facilities that are green loans	10%	30% of the Group's total debt facilities being green loans	50% of the Group's total debt facilities being green loans

Shareholding guidelines - in employment

The guideline to build and maintain a holding of at least 200% of salary in shares of the Company will continue to apply and has been met by all of the current Executive Board Directors. Where an Executive Director has not met the 200% of salary 'in employment' shareholding guideline, the current Policy requires at least 50% of the net of tax shares which vest under any discretionary share award to be retained. From the 2022 AGM, rather than 50%, the Committee will require 100% of the net of tax discretionary share awards which vest to be retained until the shareholding guideline is met.

Shareholding guidelines - post employment

Executive Directors are required to retain shares equal to 100% of the shareholding guideline (or the actual number of shares held against the guideline if the guideline is not met at cessation) up until the second anniversary of cessation.

Non-Executive Directors

Non-Executive Director base fees for the year ending 31 March 2023 have been increased by 4% (in line with the general workforce increase) to £44,075. The increment for Committee Chairs and additional responsibilities has also been increased by 4% to £10,933 for the year ending 31 March 2023. These increases took effect from 1 April 2022.

Governance Report

Remuneration Report (continued)

Single total figure of remuneration (Audited)

The table below sets out the single total figure of remuneration and breakdown for each Executive Director paid in the year ended 31 March 2022.

Year ended 31 March 2022

	Fixed pay							
	Salary £		Taxable benefits ¹ £		Pensions ² £		Total fixed pay £	
	2022	2021	2022	2021	2022	2021	2022	2021
Nicholas Vetch	382,500	368,750	5,094	4,930	22,950	36,875	410,544	410,555
Jim Gibson	448,800	430,000	6,526	6,130	26,928	43,000	482,254	479,130
Adrian Lee	290,700	281,250	5,739	5,167	17,442	28,125	313,881	314,542
John Trotman	331,500	318,750	1,913	1,620	19,890	31,875	353,303	352,245
Total	1,453,500	1,398,750	19,272	17,847	87,210	139,875	1,559,982	1,556,472

	Variable pay						Total pay			
	Annual bonus – cash £		Annual bonus – deferred £		Long term incentives ³ £		Total variable pay £		£	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Nicholas Vetch	39,398	57,894	456,131	437,891	295,550	301,057	791,079	796,842	1,201,623	1,207,397
Jim Gibson	46,226	67,510	535,194	510,625	316,858	336,225	898,278	914,360	1,380,532	1,393,490
Adrian Lee	29,942	44,156	346,660	333,984	238,445	244,717	615,047	622,857	928,928	937,399
John Trotman	34,145	50,044	395,314	378,516	228,376	256,432	657,835	684,992	1,011,138	1,037,237
Total	149,711	219,604	1,733,299	1,661,016	1,079,229	1,138,431	2,962,239	3,019,051	4,522,221	4,575,523

1. Taxable benefits comprise medical cover, permanent health insurance, life insurance and private fuel usage.
2. Nicholas Vetch, Jim Gibson and Adrian Lee receive a cash supplement in lieu of their full pension contributions. John Trotman receives a cash supplement in lieu of pension contributions to the extent that they exceed the prevailing individual allowance.
3. The values shown in long-term incentives in the current year are the LTIP award granted in 2018 which vested on 19 July 2021 to 61.6% of its maximum value and is valued using the share price on that date of £13.81. The award granted for 2022 is 100% of salary for each Executive Director. For Nicholas Vetch, Jim Gibson and Adrian Lee, the value also includes a gain on Sharesave Scheme awards which vested on 31 March 2022.

The average salary increase across the Group in the year was 2%.

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

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

In respect of the year under review, and in line with the average bonus as a percentage of salary paid across the stores the Executive Board Directors received a cash bonus of 10.3% of salary (out of a maximum of 25% of salary).

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

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

Occupancy performance against target

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

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

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

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

1. Occupancy

Performance against target	Below target	0 to 10% ahead of target	10 to 20% ahead of target	20 to 30% ahead of target	30 to 40% ahead of target	> 40% ahead of target	Total
No of stores	66	4	2	3	3	27	105
Average bonus paid	0.0%	0.6%	1.6%	2.9%	3.0%	6.1%	1.8%

Additionally, stores averaging above certain levels of occupancy throughout the year received additional bonus, which amounted to 0.7% of salary. The weighted average bonus paid to stores for performance against occupancy targets is therefore 2.5% of salary for the year.

2. Profitability

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

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

Performance against target	Below target	0 to 1% ahead of target	1 to 2% ahead of target	2 to 3% ahead of target	>3% ahead of target	Total
No of stores	43	18	17	11	16	105
Average bonus paid	0.3%	3.3%	7.7%	12.5%	12.7%	5.1%

The weighted average bonus paid to stores for performance against profitability targets is therefore 5.1% of salary for the year.

3. Store audits

Stores receive a bonus if they receive a certain audit score based on visits carried out by the Group's store compliance team. There were 53 instances of stores receiving an audit bonus score across the year, leading to a weighted average bonus paid to the stores of 1.4% of salary.

4. Customer satisfaction

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

NPS score	<75	>75	Total
No of stores	35	70	105
Average bonus paid	0%	2%	1.3%

The weighted average bonus paid to stores for performance against net promoter scores is therefore 1.3% of salary for the year.

Summary

The bonus received by the stores against their targets in the year is summarised as follows.

Category	Actual % weighting for category	Average % of salary bonus paid across stores
1. Occupancy	2.5%	24.3%
2. Profitability	5.1%	49.5%
3. Store audits	1.4%	13.6%
4. Customer satisfaction	1.3%	12.6%
Total	10.3%	100%

Governance Report

Remuneration Report (continued)

In line with the Remuneration Policy an award of 10.3% of salary has therefore also been paid to the Executive Board Directors for the year, which equated to the following payments:

Nicholas Vetch	£39,398
Jim Gibson	£46,226
Adrian Lee	£29,942
John Trotman	£34,145

Deferred Annual Bonus Plan awards – deferred shares (125% of salary maximum)

This is the fourth year of operation of the Group's deferred annual bonus plan. The Remuneration Committee sets targets at the start of the financial year across a broad range of financial and non-financial targets. Targets are either on a sliding scale or binary. The targets and the performance against them in the year is shown in the table below:

Sliding scale targets (50% weighting):

Pay-out	0%	100%	Performance	Pay-out
1. Revenue				
Weight: 22.5%	<£157.0m	>£162.0m	The Group's revenue for the year was £171.3 million.	100%
2. Adjusted Earnings per share				
Weight: 22.5%	<46.0p	>49.0p	The Group's adjusted earnings per share for the year was 52.5p.	100%
3. Staff Turnover				
Weight: 5%	>35	<28	The Group's staff turnover for the year was 34.2%.	11.4%

Binary targets (25% weighting):

Pay-out	Fail	Pass	Actual performance	Pay-out
	0%	100%		
4. Property Acquisitions				
Weight: 10%	Seek to acquire at least two sites for new stores in the year, which complement the existing portfolio and which are consistent with the Group's strategy and long-term plans.		The Group acquired two high quality London sites during the year in Kentish Town and West Kensington.	100%
5. Planning				
Weight: 10%	Obtain planning consent on at least two of the Group's development sites during the year, consistent with the strategy to continue to add high quality capacity to the Group's existing open store portfolio.		The Group obtained planning on two development sites during the year at Slough and Newcastle.	100%
6. Net Promoter Score				
Weight: 5%	Based on move-ins and move-outs. Achieve an NPS score of 75, which represents exceptional levels of customer service.		The Group's net promoter score for move-ins and move-outs during the year was 78.9.	100%

ESG targets (25% weighting):

Pay-out	Fail	Pass	Actual performance	Pay-out
	0%	100%		
7. Battery pilot				
Weight: 10%	Invest in a pilot project to assess the feasibility of battery technology in at least one solar store by the end of the financial year.		Battery project installed at Guildford Central and commercial arrangement for management and monitoring of battery by Drax Power in place.	100%
8. Solar panel retro-fit				
Weight: 5%	Retro-fit or upgrade solar PV systems during the year, pay-out as follows: <ul style="list-style-type: none"> ▪ 2.5% for 8 stores upgraded or retro-fitted ▪ 3.75% for 9 stores ▪ 5% for 10 stores 		We had committed to retrofit 12 stores with solar PV installations; but work was halted when we became aware of potential human rights issues in our supply chain. We have since identified and engaged with an alternative supplier of solar panels and expect to complete the installation of these 12 stores by September 22. We used the holding time to complete the roof preparation works necessary to our stores for the solar panel installations; these works are all completed. We aim to complete 36 stores by end of 23/24.	Please see below.
9. Gas boiler replacement				
Weight: 5%	Replace at least one gas boiler installation with electric alternative.		Four gas boilers replaced with electric boilers in 21/22; a further five scheduled for 22/23.	100%
10. BREEAM ratings				
Weight: 5%	To build all stores to an equivalent standard of BREEAM "Very Good" or better; and to certify a store with BREEAM where required to do so by the planning authorities.		Hove, Hayes, and Uxbridge all achieved "Excellent" standard. From Slough Bath Road onwards all stores will be built to BREEAM Very Good standard and certified.	100%
11. Science-based targets				
Weight: 5%	To prepare the Big Yellow & Armadillo portfolios for SBTi analysis as soon as the data can be assembled.		Science-based target set and published this year. Submission to SBTi will be in July 2022 using Year End data.	100%

Solar panel retro-fit

The Board made an ethical decision to delay the installation of solar panels in its stores once it discovered a human rights issue in the supply chain of the solar panel manufacturing. The project is still being delivered, but with a new supplier, and the panels will be installed by September 2022. In light of the Board's decision, which the Committee fully supported, the Committee has decided to remove this target for the year, and re-weight the vesting for the other targets out of 95%.

Governance Report

Remuneration Report (continued)

Summary table

The performance against each target, and its contribution to the deferred bonus payable is summarised in the table below:

Target	% achieved	Weighting	Contribution to plan vesting (%)
Revenue	100%	22.5%	22.5%
Earnings per share	100%	22.5%	22.5%
Staff turnover	11.4%	5%	0.6%
Property acquisitions	100%	10%	10%
Planning	100%	10%	10%
Net promoter score	100%	5%	5%
Battery pilot	100%	5%	5%
Solar panel fit-out	n/a	n/a	n/a
Gas boiler replacement	100%	5%	5%
BREEAM ratings	100%	5%	5%
Science-based targets	100%	5%	5%
Total		95%	90.6%

The above performance assessment of 90.6% against 95% weighting translates into a 95.4% award, of the 125% maximum potential. In addition to performance against the targets detailed above, the Committee has also reviewed the stakeholder experience and health and safety performance in respect of the year ended 31 March 2022. Based on this review, the Committee considers the 95.4% of maximum award level to be appropriate.

The value of award for each of the Executive Board Directors is shown below:

Director	Value of award
Nicholas Vetch	£456,131
Jim Gibson	£535,194
Adrian Lee	£346,660
John Trotman	£395,314

The number of shares will be calculated by reference to the closing share price on the date of grant, which will be after the Company's Preliminary Announcement in May 2022. The awards will vest three years after the date of grant of each award.

Long Term Incentive Plan ("LTIP") awards (Audited)

The awards granted under the LTIP are subject to performance conditions to be met over a performance period of three years. There is no retesting of performance conditions and, if they are not satisfied, the awards will lapse.

The performance conditions applicable to the LTIP which vested in the year, which relate to EPS and TSR, are set out below. The Committee assessed the extent to which the EPS and TSR performance condition has been satisfied for the 2018 award which vested in 2021, with the following results:

Condition	Weighting	Threshold Performance required	Maximum Performance Required	LTIP value for meeting threshold and maximum performance (% salary)	Performance achieved	Vesting %
Adjusted eps growth	70%	Adjusted EPS growth of RPI + 3% per annum	Adjusted EPS growth of RPI + 8% per annum	25% to 100%	6.8% adjusted EPS growth, compared to 5.45% (RPI +3%), and 10.45% (RPI plus 8%). Adjusted EPS has been normalised for the impact of the placings in September 2018 and April 2020.	45.2%
Relative TSR	30%	Median of comparator group of real estate companies	Upper quartile of the comparator group	25% to 100%	5 out of 43 in comparator group of companies in the FTSE Real Estate Index	100%
Total	100%					61.6%

The vesting of the 2018 LTIP award in 2021, equated to the following value for the Executive Board Directors based on the share price at the date of vesting:

Director	Shares Awarded	Shares Vested (based on 61.6% vesting)	Value at Vesting
Nicholas Vetch	32,525	20,035	£276,683
Jim Gibson	36,138	22,261	£307,424
Adrian Lee	25,813	15,900	£219,579
John Trotman	26,846	16,537	£228,376

LTIP awards granted in year ended 31 March 2022 (Audited)

The table below sets out the details of the long-term incentive awards granted in the year ended 31 March 2022 where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods.

Director	Award Type	Awards as a % of salary	Face value of award ¹	Percentage of award vesting at threshold performance	Maximum percentage of face value that could vest	Performance Period end date	Performance conditions
Nicholas Vetch			£382,500				
Jim Gibson	Annual cycle of awards over nil cost options	100% of salary	£448,800	25%	100%	22 July 2024	Adjusted EPS growth and relative TSR
Adrian Lee			£290,700				
John Trotman			£331,500				

1. The face value of the award is calculated using the average share price three days prior to the grant date of 22 July 2021 (average share price of £13.85).

The performance conditions applicable to the awards granted in July 2021 are set out below:

Condition	Weighting	Threshold Performance required	Maximum Performance Required	LTIP value for meeting threshold and max performance (% salary)	Basis for measurement
Relative TSR	50%	Median of comparator group of real estate companies	Upper quartile of the comparator group	25% to 100%	The average of the Group's closing mid-market share price over the three months preceding the start of the performance period and preceding the end of the performance period will be used, including dividends re-invested.
Adjusted EPS	50%	Adjusted average annual compound EPS growth of 4%	Adjusted average annual compound EPS growth of 8%	25% to 100%	The adjusted EPS figure reported in the audited results of the Group for the last complete financial year ending before the start of the performance period and the last complete financial year ending before the end of the performance period will be used.

Whilst the Committee originally intended to have a proportion of the award vesting based on ESG, this has been delayed until 2022 to ensure targets are appropriately robust.

Sharesave Scheme

The Group's Sharesave Scheme is open to all UK employees (including Executive Board Directors) with a minimum of six months' service and meets UK HMRC requirements, thus giving all eligible employees the opportunity to acquire shares in the Company in a tax efficient manner. All of the Executive Board Directors participated in the scheme during the financial year. The details of the Sharesave scheme options are shown on page 175.

Pension entitlements

The Company pays pension contributions into the Executive Board Directors' personal pension plans or makes a cash contribution in lieu of pension contributions. They do not participate in any defined benefit scheme. For the year ended 31 March 2022, the Company contribution was 6% of salary for the Executive Board Directors, in line with the contribution for the Company's employees.

Payments to past Directors (Audited)

No payments of money or any other assets were made to any former Director of the Company in the financial year ended 31 March 2022 (2021: no payments).

Governance Report

Remuneration Report (continued)

Payments on loss of office (Audited)

No payments were made to any Director in respect of loss of office during the financial year ended 31 March 2022 (2021: no payments).

Non-Executive Directors (Audited)

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director paid in the year ended 31 March 2022.

	2022 £	2021 £
Richard Cotton	64,210	59,129
Georgina Harvey ¹	–	17,968
Julia Hailes ²	–	54,282
Steve Johnson ¹	–	14,452
Anna Keay	53,705	52,263
Vince Niblett	53,705	52,263
Michael O'Donnell ⁵	25,200	–
Laela Pakpour Tabrizi ³	50,486	31,763
Heather Savory ⁴	53,705	4,388
Total	301,011	286,508

1. until retirement from the Board on 5 August 2020
2. until stepping down from the Board on 14 January 2021
3. from appointment on 1 July 2020
4. from appointment on 1 March 2021
5. from appointment on 1 September 2021

Non-Executive Directors received no taxable benefits for the year ended 31 March 2022.

Statement of Directors' shareholding (Audited)

The Executive Board Directors are required to build and maintain a holding of two times base salary. These requirements have been met by all Executive Board Directors throughout the year. Non-Executive Directors are not subject to a shareholding requirement. Details of the Directors' interests in shares are set out below (all interests are beneficial interests).

The table below shows, in relation to each Director, the total number of shares and share options in which they have an interest at 31 March 2022:

Executive Director	Share ownership requirement (multiple of salary)	Share ownership requirements met	Holding as multiple of March 2022 salary	Beneficially owned shares	LTIP awards subject to performance conditions	Deferred bonus plan awards	Unexercised LTIP options	Unexercised Sharesave options	Options exercised in the financial year
Nicholas Vetch	2x	Yes	250x	6,229,004	98,468	82,826	20,035	2,400	29,749
Jim Gibson	2x	Yes	60x	1,766,271	114,502	94,425	22,261	2,196	1,332
Adrian Lee	2x	Yes	46x	874,735	75,223	64,297	15,900	2,400	–
John Trotman	2x	Yes	11x	238,788	85,016	70,254	16,537	1,992	2,665

Non-Executive Directors' shareholdings (Audited)

Non-Executive	Beneficially owned shares
Richard Cotton	96,317
Michael O'Donnell	4,000
Vince Niblett	3,000
Anna Keay	–
Laela Pakpour Tabrizi	–
Heather Savory	–

Directors' share awards (Audited)

To provide further context on the shareholding of the Executive Board Directors, options in respect of ordinary shares for Directors who served in the year are as below:

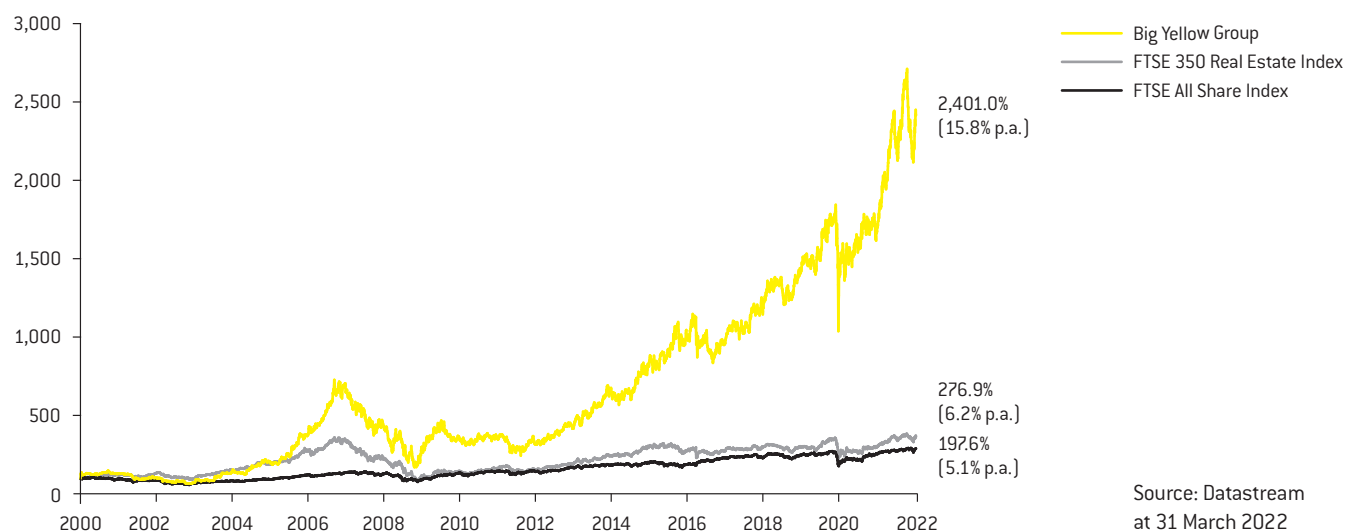
Name	Date option granted	Scheme	No. of shares under option at 31 March 2021	Granted during the year	Exercised during the year	Lapsed during the year	No. of shares under option at 31 March 2022	Exercise price	Market price at date of exercise	Date from which first exercisable	Expiry Date
Nicholas Vetch	3 August 2017	LTIP	29,749	–	(29,749)	–	–	nil p	1493p	3 August 2020	2 August 2027
	19 July 2018	LTIP	32,525	–	–	(12,490)	20,035	nil p	–	19 July 2021	18 July 2028
	11 March 2019	SAYE	2,400	–	–	–	2,400	749.9p	–	1 April 2022	1 October 2022
	23 May 2019	DBP	30,519	–	–	–	30,519	nil p	–	23 May 2022	22 May 2029
	19 July 2019	LTIP	33,905	–	–	–	33,905	nil p	–	19 July 2022	18 July 2029
	15 June 2020	DBP	20,691	–	–	–	20,691	nil p	–	15 June 2023	14 June 2030
	5 August 2020	LTIP	36,946	–	–	–	36,946	nil p	–	5 August 2023	4 August 2030
	22 July 2021	DBP	–	31,616	–	–	31,616	nil p	–	22 July 2024	21 July 2031
	22 July 2021	LTIP	–	27,617	–	–	27,617	nil p	–	22 July 2024	21 July 2031
Jim Gibson	12 March 2018	SAYE	1,332	–	(1,332)	–	–	675.4p	1307p	31 March 2021	1 October 2021
	19 July 2018	LTIP	36,138	–	–	(13,877)	22,261	nil p	–	19 July 2021	18 July 2028
	11 March 2019	SAYE	1,200	–	–	–	1,200	749.9p	–	1 April 2022	1 October 2022
	23 May 2019	DBP	33,910	–	–	–	33,910	nil p	–	23 May 2022	22 May 2029
	19 July 2019	LTIP	38,748	–	–	–	38,748	nil p	–	19 July 2022	18 July 2029
	15 June 2020	DBP	23,647	–	–	–	23,647	nil p	–	15 June 2023	14 June 2030
	5 August 2020	LTIP	43,350	–	–	–	43,350	nil p	–	5 August 2023	4 August 2030
	1 March 2021	SAYE	996	–	–	–	996	903.2p	–	1 April 2024	1 October 2024
	22 July 2021	DBP	–	36,868	–	–	36,868	nil p	–	22 July 2024	21 July 2031
22 July 2021	LTIP	–	32,404	–	–	32,404	nil p	–	22 July 2024	21 July 2031	
Adrian Lee	19 July 2018	LTIP	25,813	–	–	(9,913)	15,900	nil p	–	19 July 2021	18 July 2028
	11 March 2019	SAYE	2,400	–	–	–	2,400	749.9p	–	1 April 2022	1 October 2022
	23 May 2019	DBP	24,221	–	–	–	24,221	nil p	–	23 May 2022	22 May 2029
	19 July 2019	LTIP	26,155	–	–	–	26,155	nil p	–	19 July 2022	18 July 2029
	15 June 2020	DBP	15,962	–	–	–	15,962	nil p	–	15 June 2023	14 June 2030
	5 August 2020	LTIP	28,079	–	–	–	28,079	nil p	–	5 August 2023	4 August 2030
	22 July 2021	DBP	–	24,114	–	–	24,114	nil p	–	22 July 2024	21 July 2031
	22 July 2021	LTIP	–	20,989	–	–	20,989	nil p	–	22 July 2024	21 July 2031
John Trotman	12 March 2018	SAYE	2,665	–	(2,665)	–	–	675.4p	1307p	1 April 2021	1 October 2021
	19 July 2018	LTIP	26,846	–	–	(10,309)	16,537	nil p	–	19 July 2021	18 July 2028
	23 May 2019	DBP	25,190	–	–	–	25,190	nil p	–	23 May 2022	22 May 2029
	19 July 2019	LTIP	29,061	–	–	–	29,061	nil p	–	19 July 2022	18 July 2029
	15 June 2020	DBP	17,735	–	–	–	17,735	nil p	–	15 June 2023	14 June 2030
	5 August 2020	LTIP	32,020	–	–	–	32,020	nil p	–	5 August 2023	4 August 2030
	1 March 2021	SAYE	1,992	–	–	–	1,992	903.2p	–	1 April 2024	1 October 2024
	22 July 2021	DBP	–	27,329	–	–	27,329	nil p	–	22 July 2024	21 July 2031
	22 July 2021	LTIP	–	23,935	–	–	23,935	nil p	–	22 July 2024	21 July 2031

Governance Report

Remuneration Report (continued)

Performance and pay

The graph below shows the Group's performance, measured by TSR, compared with the performance of the FTSE All Share Real Estate Index and the FTSE All Share Index for the period since flotation. The FTSE All Share Real Estate Index is used for the assessment of the Company's LTIP.



CEO Remuneration

The table below sets out the details of remuneration of the CEO over the past ten financial years.

Year	CEO single figure of total remuneration (£)	Annual bonus (cash) pay-out % against maximum of 25% of salary	Annual bonus (deferred) pay-out % against maximum of 125% of salary	Long term incentive weighted average vesting rates against maximum opportunity %
2022	1,380,532	41.2% (10.3% of salary)	95.4% (119.25% of salary)	61.6%
2021	1,393,490	62.8% (15.7% of salary)	95% (118.75% of salary)	83.6%
2020	1,136,633	37.2% (9.3% of salary)	47.5% (59.4% of salary)	100%
2019	1,182,482	40.8% (10.2% of salary)	81.875% (102.3% of salary)	100%
2018	2,178,066	51.6% (12.9% of salary)	n/a	95%
2017	850,619	40% (10% of salary)	n/a	100%
2016	988,811	48% (12% of salary)	n/a	100%
2015	1,756,290	50% (12.5% of salary)	n/a	98%
2014	536,262	40% (10% of salary)	n/a	53%
2013	335,891	40% (10% of salary)	n/a	0%

The single figure of remuneration for 2015 and 2018 are higher than in other years due to the vesting of the three year Long Term Bonus Performance Plan in those years delivering a reward of £945,750 (97% vesting) and £1,343,995 (93.33% vesting) respectively for the three year period ended in that year.

Percentage change in the Director remuneration

The table below compares the percentage change in each Director's annual remuneration (i.e. salary/fees, benefits, and annual bonus) with the remuneration of Big Yellow Group employees.

	% Change from 2019/2020 to 2020/2021			% Change from 2020/2021 to 2021/2022		
	Salary/Fee	Benefits	Bonus	Salary/Fee	Benefits	Bonus
Nicholas Vetch	5%	(13%)	78%	4%	3%	(30%)
Jim Gibson	8%	9%	81%	4%	6%	(30%)
Adrian Lee	4%	9%	76%	3%	11%	(30%)
John Trotman	6%	(26%)	79%	4%	18%	(30%)
Richard Cotton	16%	n/a	n/a	3%	n/a	n/a
Anna Keay	2%	n/a	n/a	3%	n/a	n/a
Vince Niblett	2%	n/a	n/a	3%	n/a	n/a
Michael O'Donnell	n/a	n/a	n/a	n/a	n/a	n/a
Laela Pakpour Tabrizi	n/a	n/a	n/a	3%	n/a	n/a
Heather Savory	n/a	n/a	n/a	3%	n/a	n/a
Average employees	3%	2%	74%	2%	2%	(29%)

Where a Director has not served on the Board for the full financial year, "n/a" is shown in the salary/fee column of the above table.

CEO pay ratio

The data shows how the CEO's single figure remuneration for the year ended 31 March 2022 (as taken from the single figure remuneration table) compares to equivalent single figure remuneration for full-time equivalent UK employees, on a Group basis, ranked at the 25th, 50th and 75th percentile.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	Option A	46 to 1	40 to 1	28 to 1
2021	Option A	58 to 1	47 to 1	30 to 1

No components of pay and benefits have been omitted for the purpose of the above calculations. Option A was selected given that this method of calculation was considered to be the robust approach in respect of gathering the required data. The underlying quartiles for salary and total remuneration numbers for full-time equivalent UK employees are set out below.

Year	Salary			Total pay and benefits		
	25th %tile	Median	75th %tile	25th %tile	Median	75th %tile
2022	£23,535	£27,286	£38,098	£23,535	£27,286	£38,098
2021	£20,862	£24,190	£34,008	£24,109	£29,406	£46,162

Statement of consideration of employment conditions elsewhere in the Group

The Committee reviews the reward and retention of the whole employee population periodically throughout the year to ensure that it can attract and retain top talent. Consideration is given to the general basic salary increase, remuneration arrangements and employment conditions. Furthermore, the annual cash bonus awarded to Executive Board Directors is directly linked to the bonuses awarded to all staff.

The Directors are invited to be present at this review of the proposals for salary increase for the employee population generally and on any other changes to remuneration policy within the Company. The information presented at this review is taken into consideration when setting the pay levels of the executive population. Additionally, the Committee has guidelines for the grant of all LTIP awards across the Company and responsibility for approving the total annual bonus cost of the Company.

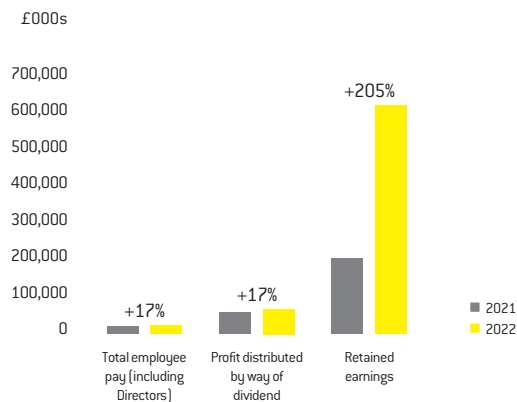
The Company did not invite employees to comment on the remuneration of Directors during the year and has not engaged with the workforce to explain how executive remuneration aligns with the wider company pay policy which does not comply with the relevant sections of Provisions 40 and 41 of the Code. However, when considering remuneration levels to apply, the Committee takes into account base pay increases, bonus payments and share awards made to the Company's employees generally. From next year the Company intends to communicate in line with these Provisions through the Workforce Engagement Director.

Governance Report

Remuneration Report (continued)

Relative importance of spend on pay

The graph below sets out the relative importance of spend on pay in the year ended 31 March 2022 and 31 March 2021 compared with other disbursements from profit, being the distributions to shareholders and retained earnings (comprehensive gain for the year less dividends).



Gender and ethnicity pay

The Group has reported on its gender pay gap for April 2021. The full report can be found on our investor relations website <http://corporate.bigyellow.co.uk/investors.aspx>. The Group's mean gender pay gap was 25% (2020: 26%), with a median gap of 7% (2020: 10%). Excluding Executive Board Directors (three of whom were founders of the business), the mean gender pay gap falls to 9% (2020: 10%) with a median gap of 5% (2020: 8%). All staff are paid equally according to job role.

It is pleasing to see that our Mean Gender Pay Gap has decreased to 25% from 26% in April 2020. This reduction from 26% was due to increase in female representation in the Upper Quartile from 25% in April 2020 to 27% in April 2021.

The Group has also analysed its ethnicity pay for April 2021. The Group's mean ethnicity pay gap was 1% (2020: 6%), with a median gap of 4% (2020: 9%). All staff are paid equally according to job role.

We believe that diversity and inclusion are key to a successful and sustainable business, and we are committed to creating a culture where all team members can be themselves, feel empowered to succeed and deliver a customer experience that is second to none. We encourage and enable all employees, regardless of their gender, race, background, or any other characteristics, to reach their full potential as we believe that having a diverse workforce with fair representation is strategically important and generates value to our stakeholders.

Over the past 12 months we have continued our focus on diversity and inclusion across the business and our key achievements during this period are outlined below:

Policy and Strategy

- We have continued the work of our Inclusivity and Diversity Committee, changing the scope and constitution of the committee to ensure that all protected characteristics are fully represented
- The work of the Diversity and Inclusivity Committee has been better communicated across the business via our Intranet and through our quarterly CSR newsletter
- Our Equal Opportunities Policy was updated with a new Inclusivity, Diversity and Equality Policy which reflects our current Inclusivity and Diversity practices, the work of the Inclusivity and Diversity Committee and manager and team member responsibilities
- The introduction of a Working from Home Policy within our head office has enabled all team members to achieve a better work life balance
- A Menopause Policy was introduced to increase awareness of the menopause across the business, including clarification of individual responsibilities and the support that is offered by the Company
- We have held regular meetings between line managers and the People, Talent and Development Team to review Inclusion and Diversity and identify on going opportunities for improvement across the different areas of the business
- The questions that we used on our Employee Engagement Survey were updated to ensure that we received feedback on inclusivity and diversity within the business. The overall result from our survey for 2021 was a very high score of 90% of team members scoring positively in this area.

Recruitment / Talent

- We appointed two dedicated recruitment consultancies who specifically represent female applicants and diverse minority groups and successfully recruited two females into senior management / management positions, replacing male leavers
- Our job advertisements, benefits and working practices were reviewed so that they have a greater appeal to female applicants, based upon feedback from new team members
- We focussed on attracting more female candidates through developing the careers pages on our Company website, including adding additional career reviews to help promote diversity and inclusion
- Alongside our marketing agency, we reviewed and amended all of our external job advertisements to remove any gender bias
- The proportion of our female Store Managers continues to increase steadily from 33% in March 2021 to 34% in March 2022
- Female representation within our senior leadership team has increased from 38% in March 2021 to 46% in March 2022.

Learning and Development

- Diversity and Inclusivity Training was provided for all management employees virtually, with the training being recorded and made available via our learning and development platform for non-management and new team members
- e-learning opportunities were further increased to include video e-learning relating to wellbeing for parents and women in leadership
- Our investments in e-learning have resulted in 25% more females in stores taking up this training than males (20% more in 2020) and 47% more females in head office taking up this training than males (15% more in 2020)
- We have continued to encourage more women to take part in our management development programmes with 25% of Store Manager delegates currently female (12.5% for the 2019 graduation) and 50% of Assistant Manager delegates currently female (31% for the 2021 graduation)
- Our Inclusivity and Diversity Survey reported that 86% of team members felt that they are encouraged to participate in learning and development opportunities to assist their progression (84% in 2019) of which 91% of females (91% in 2019) and 92% of males (87% in 2019) gave a positive score
- The number of females promoted internally has increased to 49% in 2022 (39% in 2021).

Whilst our Gender Pay Gap is reducing on a gradual basis and we will continue to work to reduce it further, we recognise that it would be unrealistic to close this gap quickly, given that all four of the Executive Directors are male and three of them were founders of the business more than 20 years ago.

We have however, made significant progress in relation to inclusion and diversity initiatives over the last 12 months and will continue to challenge our thinking around how we recruit new skills and manage and develop existing talent going forward.

In addition to the initiatives that we already have in place, we will also be considering the following:

- Working with a newly formed diversity recruitment team via one of our preferred suppliers to see how they may be able to assist us in developing our brand to better recognise us as an employer of different diverse groups, as well as advising on how we can further the work of our Inclusivity and Diversity Committee
- Continuing to appeal to all diverse groups including female applicants, thorough targeted advertisements, social media posts and producing a new recruitment video
- Increasing lines of communication through a new on boarding process, via live chat, with the aim of encouraging applicants from less represented groups to make more informal contact with us. We hope that this will then provide us with the opportunity to increase applications from these groups
- Two members of the People team will be training as Menopause Champions to further support team members within the business who are experiencing the menopause.

Advisers to the Remuneration Committee

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. FIT Remuneration Consultants LLP have been advisers to the Committee since 2017. The Committee is comfortable that the FIT team provides independent remuneration advice to the Committee and does not have any other connections with Big Yellow that may impair their independence. FIT is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com.

During the year, FIT provided independent advice on a wide range of remuneration matters including the proposed new Remuneration Policy. FIT provides no other services to the Company. The fees paid to FIT in respect of work carried out for the year under review were £20,000 (ex VAT).

Approval

This policy report was approved by the Board of Directors on 23 May 2022 and signed on its behalf by

Richard Cotton
Remuneration Committee Chair

Governance Report

Audit Committee Report

Committee members and attendance

Member	Number of meetings attended
Laela Pakpour Tabrizi – Chair (from 22 July 2021), Member to 22 July 2021	● ● ●
Vince Niblett – Chair (until 22 July 2021), Member from 22 July 2021	● ● ●
Richard Cotton – Member	● ● ●
Anna Keay – Member	● ● ●
Michael O'Donnell – Member	● ● ○
Heather Savory – Member	● ● ●

● attended
 ○ absent
 ○ not applicable

Introduction

The Audit Committee is appointed by the Board from the Non-Executive Directors of the Company. The Audit Committee's terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1, the UK Corporate Governance Code, and the new FRC ethical standard. The terms of reference are considered annually by the Audit Committee and are then referred to the Board for approval. The terms of reference are available on the Company's website. <https://corporate.bigyellow.co.uk/investors/corporate-governance>

The Audit Committee is responsible for:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained therein;
- reviewing the Group's internal financial controls and the Group's internal control and risk management systems, including consideration of the need for an internal audit function;
- making recommendations to the Board, for a resolution to be put to the shareholders for their approval in general meetings, on the appointment of the external auditor, and the approval of the remuneration and terms of engagement of the external auditor;
- assessing and challenging estimates and judgements included within the financial statements;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; and
- ensuring the external auditor only provides those services permitted by the Ethical Standard of the FRC.

The Audit Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

This year the Committee has continued to focus on the narrative reporting and corporate governance disclosures in the Annual Report. The Committee was asked by the Board to review the statement by the Directors that the Annual Report presents a fair, balanced, and understandable view of the Group's performance, strategy, and business model. The Committee also reviewed the Group's going concern and viability statements.

All Audit Committee members are expected to be financially literate. Furthermore, the Audit Committee structure requires the inclusion of one financially qualified member (as recognised by the Consultative Committee of Accountancy Bodies). Currently Vince Niblett, as a Fellow of the Institute of Chartered Accountants of England and Wales fulfils this requirement and Laela Pakpour Tabrizi is an experienced CFO, currently carrying out that role at OpenClassrooms.

The Group provides an induction programme for new Audit Committee members and ongoing training to enable all of the Committee members to carry out their duties. The induction programme covers the role of the Audit Committee, its terms of reference and expected time commitment by members and an overview of the Group's business, including the main business and financial dynamics and risks. New Committee members also meet some of the Group's staff. Ongoing training includes attendance at formal conferences, internal company seminars and briefings by external advisers.

Meetings

The Audit Committee is required to meet three times per year and has an agenda linked to events in the Group's financial calendar. The agenda is predominantly cyclical and is therefore approved by the Audit Committee Chair on behalf of his fellow members. Each Audit Committee member has the right to require reports on matters of interest in addition to the cyclical items.

The Audit Committee invites the Chief Executive, Chief Financial Officer, Financial Controller, and senior representatives of the external auditor to attend its meetings in full, although it reserves the right to request any of these individuals to withdraw. The Committee meets as required with the external auditor without the Executive Board Directors or senior management present. Other senior management are invited to present such reports as are required for the Committee to discharge its duties.

Overview of the actions taken by the Audit Committee to discharge its duties

Since the beginning of the financial year the Audit Committee has:

- reviewed published financial information including the year end results, Annual Report, half year results and the Quarterly Trading Statements, including review of Alternative Performance Measures used by the Group;
- considered whether the Annual Report provides a fair, balanced, and understandable view of the Group's performance, strategy, and business model;
- assessed and concluded on the Group's viability statement and the going concern assessment for the annual and half yearly financial statements;
- considered the output from the Group-wide process used to identify, evaluate, and mitigate risks;
- reviewed the effectiveness of the Group's internal controls and disclosures made in the annual report and financial statements on this matter;
- reviewed and agreed the scope of the audit work to be undertaken by the external auditor;
- agreed the fees to be paid to the external auditor for their audit of the financial statements and half-yearly report;
- considered and agreed the approach of performing Directors' valuations of investment properties for the half-year report;
- undertaken an assessment of the qualification, expertise and resources, and independence of the external auditor and the effectiveness of the audit process;
- considered the audit partner and audit firm rotation including meeting and approving the proposed new audit partner for the 2022 audit;
- undertaken an evaluation of the performance of the external auditor and assessed their effectiveness;
- held discussions with the auditors on key judgements;
- considered the need for an internal audit function;
- considered the FRC ethical standard governing non-audit services and audit committees;
- reviewed the arrangements for "whistleblowing" by employees to ensure that there is a consistent policy in the Group to enable employees to voice concerns particularly in respect of possible financial reporting improprieties. A whistleblowing policy is included in the employee handbook and there is an external whistleblowing monitoring service;
- reviewed the Gray report on reform of the valuation industry, and subsequently recommended rotation of the Group's external valuers;
- overseen the appointment of the Group's new external valuer;
- met the Group's external valuers and considered their competence and independence;
- met the Group's Store Compliance Manager;
- reviewed the Audit Committee's Report; and
- reviewed its own effectiveness.

Governance Report

Audit Committee Report (continued)

Financial reporting and significant financial judgements

The Committee reviews all financial information published by the Group in year end and half-year financial statements, including the presentation and disclosure of the financial information. It also considers the appropriateness of the accounting policies adopted by the Group and the accounting judgements made by management in the preparation of the financial information.

The Committee has considered whether the Annual Report for the year ended 31 March 2022 provides a fair, balanced, and understandable view of the Group's performance, strategy, and business model and whether it provides the necessary information to enable shareholders and prospective shareholders to assess the Group's performance, strategy, and business model. The Committee is satisfied that the Annual Report for the year ended 31 March 2022 provides a fair, balanced, and understandable view and includes the necessary information as set out above. The Committee has confirmed this to the Board, whose statement is included in the Statement of Directors' Responsibilities on page 128.

The Committee focuses on matters it considers important in their impact on the reported results of the Group, and on matters where there is a high degree of complexity and/or judgement.

The key area of judgement that the Committee focuses on at the reporting date is the valuation of the investment property portfolio. This is carried out by independent external valuers, but by its nature it is subjective, with significant judgement applied to the valuation, particularly given the lack of transactional evidence for prime self storage assets. The Chair of the Committee met the external valuers to discuss the valuations, review the key judgements, and discussed whether there were any disagreements with management. This year the Committee reviewed and challenged the valuers on the cap rates, rental growth assumptions and stabilised occupancy levels, to agree on the appropriateness of the assumptions adopted. The Committee also challenged the valuers and satisfied itself on their independence, their quality control processes (including peer partner review) and qualifications to carry out the valuations. Management also have processes in place to review the external valuations. In addition, the external auditors use valuation specialists to review the valuations and report their findings and conclusions to the Audit Committee.

The Committee has also considered a number of other judgements made by management in the preparation of the financial statements, notably in respect of the accounting for the acquisition of the remaining interest in Armadillo during the year. The Committee reviewed the accounting for the acquisition, in particular reviewing the judgements made on the fair value accounting of the balance sheet at the acquisition date in accordance with IFRS 3. The Committee was satisfied that the adjustments made reflected the appropriate fair value.

The Committee has concluded that there are not significant levels of judgements involved, other than the valuation and acquisition described above.

There has been no change to the other key judgement included in the financial statements, which is that the Group's stores should be accounted for as Investment Property.

Management have reported to the Audit Committee that they are satisfied that they are not aware of any material misstatements in the financial statements. The external auditors confirmed in their report to the Audit Committee that they had not found any material misstatements during their audit work.

Based on the above, the Committee concluded that the financial statements appropriately apply the key estimates and critical judgements, in respect of the disclosures and the amounts reported. The Committee also concluded that the annual report and financial statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

External auditor

The Audit Committee is responsible for the development, implementation, and monitoring of the Group's policy on external audit. The policy assigns oversight responsibility for monitoring the independence, objectivity, and compliance with ethical and regulatory requirements to the Audit Committee, and day-to-day responsibility to the Chief Financial Officer. The policy states that the external auditor is jointly responsible to the Board and the Audit Committee and that the Audit Committee is the primary contact.

To fulfil its responsibility regarding the independence of the external auditor, the Audit Committee reviewed:

- the external auditor's plan for the current year, noting the role of the senior statutory audit partner, who signs the audit report and who, in accordance with professional rules, has not held office for more than five years, and any changes in the key audit staff;
- the arrangements for day-to-day management of the audit relationship;
- a report from the external auditor describing their arrangements to identify, report and manage any conflicts of interest; and
- the overall extent of non-audit services provided by the external auditor, in addition to its case-by-case approval of the position of non-audit services by the external auditor.

Audit rotation

During 2016 following a robust tender process, the Committee appointed KPMG LLP as auditors. As part of the tender process, the Committee reviewed KPMG's proposals for the audit and determined that they had an appropriate plan in place to carry out an effective audit. KPMG confirmed to the Committee that it maintained appropriate internal safeguards to ensure its independence and objectivity. Anna Jones is the current audit partner, and this is the first year that she has been the signatory to the Group's financial statements.

The Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 and the Code.

Annual auditor assessment

The Audit Committee has adopted a formal framework in its review of the effectiveness of the external audit process and audit quality which include the following areas:

- the arrangements for ensuring the external auditor's independence and objectivity;
- the senior statutory auditor and the audit team;
- the external auditor's fulfilment of the agreed audit plan and variations from the plan;
- the quality of the formal audit report to shareholders;
- the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- the robustness and perceptiveness of the auditor in his handling of the key accounting and audit judgements; and
- the content of the external auditor's comments on control improvement recommendations.

Regard is paid to the nature of, and remuneration received, for other services provided by KPMG LLP to the Group and, inter alia, confirmation is sought from them that the fee payable for the annual audit is adequate to enable them to perform their obligations in accordance with the scope of the audit. The only non-audit service provided is the auditors' review of the half year report.

Non-audit work

The Group's policy on external audit sets out the categories of non-audit services which the external auditor will and will not be allowed to provide to the Group, including those that are pre-approved by the Audit Committee and those which require specific approval before they are contracted for, subject to de minimis levels. The Group's non-audit policy reflects the Ethical Standard on Non-Audit Services which came into effect on 15 March 2020. The Committee's policy is that the auditors will not be asked to carry out non-audit work with the exception of the half year review and regulatory and bank required reporting.

More generally, the auditors may not provide a service which places them in a position where they may be required to audit their own work. Specifically, they are precluded from providing services relating to bookkeeping, financial information system design and implementation, appraisal or evaluation services, actuarial services, any management functions, taxation advisory services, investment banking services, legal services unrelated to the audit or advocacy services.

In respect of the year ended 31 March 2022, the auditor's remuneration comprised £415,000 for audit work and £60,000 for other work, solely relating to the interim review. Over a three year rolling period, the level of non-audit fees is below the audit fee, with non-audit fees representing 10% of audit fees in 2021 and 14% in 2020.

Risk management and internal control

The Committee and the Board reviewed the internal control processes of the business and the Group's risk register during the year. The risks and uncertainties facing the Group, and its internal control processes are considered in the Strategic Report on page 46.

Internal audit

The Committee has considered the Board's view that, given the relatively straightforward nature of the Group's business and the control environment in place, no formal internal audit function is required. The Group has a store compliance team, which effectively carries out an internal audit role for the Group's stores, visiting each store twice a year. This provides the Committee comfort over the store related aspects of the Group's business. The Committee meets with the Store Compliance Manager as required, and at least once a year.

Additionally, on a regular cycle, the Board appoints external consultants to assess specific business areas of risk and provide a report to the Board and the Committee on this area. The cycles covered by this activity include construction expenditure, treasury, taxation, and facilities management. This gives the Committee comfort over the controls over key business cycles within the Company.

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

Overview

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditor.

The Chair of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Approved by the Audit Committee and signed on its behalf by:

Laela Pakpour Tabrizi
Audit Committee Chair

23 May 2022

Governance Report

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the audited financial statements and auditor's report for the year ended 31 March 2022. The Report on Corporate Governance on pages 83 to 88 forms part of this report.

Details of significant events since the balance sheet date are included in note 25 to the financial statements. An indication of likely future developments in the business of the Company is included in the strategic report.

Information about the use of financial instruments by the Company and its subsidiaries is given in note 18 to the financial statements.

Dividends

The Directors are recommending the payment of a final dividend of 21.4 pence per share for the year (2021: 17.0 pence per ordinary share). An interim dividend of 20.6 pence per share was paid in the year (2021: 17.0 pence per share).

All of the 42.0 pence per share payable for the year is a Property Income Distribution.

Subject to approval by shareholders at the Annual General Meeting to be held on 21 July 2022, the final dividend will be paid on 29 July 2022. The Ex-div date is 7 July 2022 and the Record date is 8 July 2022.

From April 2018 dividend tax credits have been replaced by an annual £2,000 tax-free allowance on dividend income across an individual's entire share portfolio. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of the dividends paid by Big Yellow Group PLC, and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

SECR and Mandatory GHG Reporting

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('SECR') came into force on 1 April 2019 and applies to companies with financial years starting on or after 1 April 2019.

The 2018 Regulations define what must be included in the Directors' Report, namely:

- Annual GHG emissions from activities for which the company is responsible including combustion of fuel and operation of any facility, such as such as our flexi-office gas heating, air conditioner coolant replacement, one Company van diesel fuel use emissions and fit-out 'diesel' use emissions (assuming qualifying fit-out activities have taken place during the year);
- Annual emissions from the purchase of electricity, heat, steam or cooling by the company for its own use, such as electricity for our stores and fit-out activities;
- Underlying global energy use;
- Previous year's figures for energy use and GHG;
- At least one intensity ratio;
- Energy efficiency action taken; and
- Methodology used.

We will also continue to report on our Scope 3 emissions: Electricity supplier 'transmission and distribution' emissions and 'employee business travel (from car mileage claims only)'. This year for the first time we have included grid bought electricity used and measured by third party telecoms masts. Consumption is reported bi-annually and deducted from Big Yellow's Scope 2 data. The standard grid bought electricity conversion factors are applied. Voluntary GHG emissions, from our waste and water supply chains are assessed as 'not material'. We will also retain the practice of reporting our previous few years to show longer term trends.

With the acquisition of the remaining 80% of Armadillo that we did not previously own, we have included the full year data for both Armadillo and Big Yellow and restated two years' worth of data for the combined portfolio.

The 'Market based emission' reported here reflect the emissions associated with the electricity tariff we have purchased; whereas 'Location-based emissions' are emissions associated with the UK grid and applies the required DEFRA conversion factors. Where we have not indicated market-based or location-based figures, location-based can be assumed.

Please note, our operations are solely based in the UK, and we therefore will be reporting a single geographical scope – UK and offshore area only.

a) Data

Year ended 31 March		2020 TOTAL Restated to include Armadillo	2021 TOTAL Restated to include Armadillo	2022 TOTAL
GHG Scope 1 total tonnes CO ₂ e	Total Scope 1 Emissions (location-based)	248.4	279.8	294.9
GHG Scope 2 total tonnes CO ₂ e	Total Scope 2 Emissions (location-based)	2,911.5	2,563.8	2,368.3
GHG Scope 2 total tonnes CO ₂ e	Total Scope 2 Emissions market-based	1,411.1	0.0	0.0
Total GHG Scope 1 & 2				
Total tonnes CO ₂ e	Total Scope 1&2 Emissions (location-based)	3,159.9	2,843.6	2,663.2
Total GHG Scope 1 & 2				
Total tonnes CO ₂ e	Total Scope 1&2 Emissions (market-based)	1,659.5	279.8	294.9
Scope 3				
total tonnes CO ₂ e	Electricity Transmission Losses	251.1	224.0	208.6
	Telecoms emissions on our sites	144.0	174.0	178.1
	Employee Business travel	72.3	76.1	92.8
TOTAL Scope 3				
total tonnes CO ₂ e	Electricity Transmission Losses, Telecom emissions, Employee Bus Travel	467.4	474.1	479.5
tCO ₂ e/ revenue (£000s) – location-based	Greenhouse Gas (GHG) emissions intensity from building energy consumption	21.6	18.6	15.1
tCO ₂ e/ revenue (£000s) – market-based	Greenhouse Gas (GHG) emissions intensity from building energy consumption	11.4	1.8	1.7
tCO ₂ e/ Occupied space	Greenhouse Gas (GHG) emissions intensity from building energy consumption (Scope 1 and 2 location-based)	7.3	6.3	5.4
tCO ₂ e/ CLA (1,000m ²)	Greenhouse Gas (GHG) emissions intensity from building energy consumption (Scope 1 and 2 location-based)	6.0	5.1	4.7
Energy data	underpinning Scope 1 and 2 emissions data (kWh)	not restated	12,777,915.1	12,750,155.2

Notes to the data table: Regarding restating, in addition to restating to include Armadillo data, each year, the last 3 months of our emissions data is reported using prior year's conversion factors, due to an emission factor publication lag – we operate on a 'best available data' principle and will therefore restate each year.

Regarding Market based emissions, as of 1 October 2019 we purchase Rego backed 100% renewable energy from Opus Energy, so are able to provide both location-based and market-based CO₂e emissions.

The three location-based intensity metrics are calculated from the location-based Scope 1&2 totals. The one market-based intensity metric is calculated from the market-based Scope 1 & 2 totals.

b) Methodology for Calculating Emissions

Scope 1, Gas

Data collection: Big Yellow and some of our Armadillo gas data is metered and automatically transmitted into our energy and emission reporting platform, Envizi. Gas for the remaining stores with gas is obtained from supplier invoices and manually uploaded onto Envizi. This process is part of the assurance work undertaken by SGS. Any gaps are accrued.

Calculations: Our software platform, Envizi, contains our consumption data as well as the current BEIS emission factors. These are used to calculate emissions automatically when reports are produced. Our annual data straddles two emission factor years; as soon as the latest factors are released, our partners ensure Envizi contains the most up to date set and this is applied against the relevant data set.

Scope 1, Van

Data collection: our maintenance person records miles driven to service our stores. The data is collected quarterly and sent to our partners for uploading into Envizi. Envizi commutes the mileage data into emissions.

Calculations: km travelled x emission conversion factor for a diesel average van (up to 3.5 tonnes) in km/kgCO₂e / 1000 to convert to tCO₂e.

Scope 1, Fit-out diesel

Data collection: diesel consumption is collected manually by the construction team and reported weekly in the Construction Fit-Out report. The final report for the financial year is used to assess the overall diesel consumption during the year.

Calculation: the total diesel consumption in litres converted to kWh using the gross CV kWh/litre for Diesel (average biofuel blend) x emission conversion factor in kWh (Gross CV)/kgCO₂e for a Diesel (average biofuel blend) / 1000 to convert to tCO₂e.

Governance Report

Directors' Report (continued)

Scope 2, Location-based, electricity

Data collection: Big Yellow and some of our Armadillo electricity data is metered and automatically transmitted into our energy and emission reporting platform, Envizi. Electricity for the remaining stores is obtained from supplier invoices and manually uploaded onto Envizi. This process is part of the assurance work undertaken by SGS. Any gaps are accrued.

Calculations: Our software platform, Envizi, contains our consumption data as well as the current DEFRA emission factors. These are used to calculate emissions automatically when reports are produced. Our annual data straddles two emission factor years; as soon as the latest factors are released, our partners ensure Envizi contains the most up to date set and this is applied against the relevant data set.

Scope 2, Market-based, electricity

Data collection: the same as for location-based electricity

Calculations: instead of applying the location-based emission factors, we manually set electricity emissions at 0 as we have been purchasing 100% Rego backed electricity since 1st October 2019. For total Scope 1 & 2 emissions, market-based, we set Scope 2 at 0 and Scope 1 the same as per above.

Scope 3, Electricity Transmission and Distribution losses

Data collection: we use data collected for the location-based grid bought electricity data.

Calculation: the total grid supplied electrical consumption in kWh x T&D emission conversion factor in kWh/kgCO₂e / 1000 to convert to tCO₂e.

Scope 3, Telecoms masts

Data collection: we use the data collected by the company who installs and operates 3rd party telecoms masts on 12 of our stores. The consumption for these masts is reported bi-annually via spreadsheet and manually uploaded into our software platform, Envizi.

Calculations: The standard grid bought electricity conversion factors are applied.

Please note, when the consumption data is uploaded into Envizi it is posted as a negative amount to ensure it is deducted from our own, grid bought electricity consumption.

Scope 3, Employee business travel

Data collection: we use employee expenses reimbursement data held in our Finance system to calculate miles travelled.

Calculation: using 'cars (by size) Average car' conversion factors, we multiply the miles travelled reimbursed with the BEIS/DEFRA factor to arrive at the emissions, for business travel.

Please note that we produce a yearly Basis of Reporting document which sets out the methodology we use for all of our KPIs, including GHG emissions. We have included a special section for the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

c) Energy Efficiency Measures

Background

We have a long-standing strategy of pro-actively managing our energy consumption and becoming an ever more efficient business. We have reported progress over the years both in our Annual Reports as well as our standalone annual CSR Reports, all available online in our Investor and Sustainability sections respectively.

Between 2012 and 2017 we undertook a company-wide upgrade of our lighting to LED and to install motion sensor controls to ensure lights are only turned on when customers need them; plus a small amount of permanent emergency lighting was improved to LED.

Although most of that work has been completed, a small number of 'mop-up' activities continue to take place, especially where we have not been able to gain access to customers' units to execute the changeover.

With the acquisition of the remaining 80% of Armadillo, we have identified several Armadillo stores for upgrading to HH automatic meter reading. This work has been commissioned during the year and is ongoing.

All other stores' electricity and gas meters are fitted with HH automatic meter readers; the data is available to us via an externally hosted platform and used by the internal Environmental Committee (formally the CSR Steering Committee) to review our performance on a quarterly basis.

During the year, we commenced on a programme to remove gas boilers at a number of our Armadillo stores with the aim of decarbonising our business by 2030.

We also prepared 12 stores for solar panel retrofitting; the actual retro-fit work is due to commence in May 2022 and completed in September 2022.

The three new stores that were opened during the year (Hove, Hayes, and Uxbridge) were all fitted with 50.3kWp solar installations.

Most recent ESOS assessment findings & resulting actions

Our ESOS Phase 2 assessment has emphasised the fact that due to the non-complex nature of our stores, we are limited by the amount of energy saving measures we are able to undertake.

Our independent ESOS assessor's recommendations therefore focussed on increasing our existing Solar PV estate. This recommendation is in alignment with our broader Sustainability Strategy.

During the year, we have opened 3 new stores:

- in Old Shoreham Road, Hove, which was fitted out with a 50kWh solar installation;
- in Hayes Road, Hayes, which was fitted out with a 50kWh solar installation; and
- in Oxford Road, Denham, Uxbridge which was fitted out with a 50kWh solar installation.

During the year, we have generated 864,748.4kWh of solar energy (an increase of 27% from the previous year), thereby a) reducing our energy demand from the grid by the kWh we are using on site and b) increasing the grid's renewable mix by exporting part of our energy as the size of our solar installations exceed our demand.

During the year, we have set science-based targets. We aim to have these verified by the SBTi during 2022.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 22. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 23, and details of shares held by the Company's Employee Benefit Trust are set out in note 22.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Corporate Governance Code, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Report on Corporate Governance on page 83.

There are a number of agreements that take effect, alter, or terminate upon a change of control of the Company such as commercial contracts, bank loan agreements, property lease arrangements and employee share plans. The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

During the year the Company issued 334,970 shares to satisfy the exercise of share options [2021: 406,900].

Directors

The Directors of the Company who served throughout the year and to the date of approval of the financial statements, except as noted below, were as follows:

Richard Cotton	Non-Executive Director
Jim Gibson	Chief Executive Officer
Anna Keay	Non-Executive Director
Adrian Lee	Operations Director
Vince Niblett	Senior Independent Director
Michael O'Donnell	Non-Executive Director (appointed 1 September 2021)
Heather Savory	Non-Executive Director
Laela Pakpour Tabrizi	Non-Executive Director
John Trotman	Chief Financial Officer
Nicholas Vetch	Executive Chairman

Biographical details of the Executive and Non-Executive Directors standing for re-election are set out on page 80.

Governance Report

Directors' Report (continued)

Directors' indemnities

The Company purchases liability insurance covering the Directors and officers of the Company and its subsidiaries.

Political contributions

No political donations were made by the Company in either the current or preceding financial year.

Substantial shareholdings

The Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency rules, of the following voting rights as a shareholder of the Company at 31 March 2022 and 23 May 2022.

	No. of ordinary shares 31 March 2022	Percentage of voting rights and issued share capital 31 March 2022	No. of ordinary shares 23 May 2022	Percentage of voting rights and issued share capital 23 May 2022
BlackRock Inc	17,841,855	9.7%	17,467,096	9.5%
Resolution Capital	8,673,210	4.7%	8,698,670	4.7%
The Vanguard Group Inc	8,582,729	4.7%	8,618,232	4.7%
FMR LLC	7,318,056	4.0%	6,905,938	3.8%
MFS Investment Management	6,462,256	3.5%	6,630,055	3.6%
Jupiter Asset Management Limited	5,653,482	3.1%	n/d	n/d

n/d – interest not disclosable at the applicable date.

The interest of the Directors in the share capital of the Company is shown on page 112 of the Remuneration Report.

Purchase of own shares

The Company was granted authority at the AGM in 2021 to purchase its own shares up to a total aggregate value of 10% of the issued nominal capital. That authority expires at this year's AGM and a resolution will be proposed for its renewal. During the year the Company made no purchases of its own shares.

Employee consultation

The Group seeks to ensure employee commitment to its objectives in a number of ways. Strategic changes are communicated directly to all staff who are encouraged to address queries to the Executive Directors. The Directors' executive meetings are frequently held in stores and in addition Directors and senior management visit the stores on a regular basis. Furthermore, there are regular team briefings at store level to provide employees with information about the performance of and initiatives in their store. A wide range of information is also communicated across the Group's Intranet, including the e-publication of the Group's financial results and all press releases, the publication of a quarterly newsletter, and the publication of a weekly operations bulletin.

As discussed in the Corporate Governance Report, the Board has appointed a designated Non-Executive Director, Anna Keay, to act as the primary method of workforce engagement for Big Yellow in accordance with the new Corporate Governance Code.

Employees are encouraged to participate in the Group's performance through Employee Share Schemes and performance related bonuses. 47% of eligible employees participate in the Group's Sharesave Scheme.

The Group's recruitment policy is committed to promote equality, judging neither by race, nationality, religion, age, gender, disability, sexual orientation, nor political opinion and to treat all stakeholders fairly.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Human Rights

Big Yellow respects Human Rights and aims to provide assurance to internal and external stakeholders that we are committed to human rights and the principles of the Universal Declaration of Human Rights.

We are committed to creating and maintaining a positive and professional work environment that reflects and respects the basic rights of freedom to lead a dignified life, free from fear or want, and where stakeholders are free to express their independent beliefs. Our employment policies and practices reflect a culture where decisions are made solely on the basis of individual capability and potential in relation to the needs of the business.

Modern Slavery Act

The Group is committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our Anti-slavery Policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains. Our policy is published in full on our website.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/ she ought to have taken as a Director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

This confirmation is given and should be interpreted in accordance with s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board

Shauna Beavis

Company Secretary

23 May 2022

Governance Report

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 23 May 2022 and is signed on its behalf by:

Jim Gibson
Chief Executive Officer

John Trotman
Chief Financial Officer

Independent Auditor's Report to the Members of Big Yellow Group PLC



1. Our opinion is unmodified

We have audited the financial statements of Big Yellow Group PLC ("the Company") for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 2 and 29.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) "ISAs (UK)" and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 20 July 2017. The period of total uninterrupted engagement is for the five financial years ended 31 March 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality:	£19.8m (2021:£13.6m)
group financial statements as a whole	0.74% (2021: 0.74%) of Total Assets
Coverage	99% (2021: 100%) of Total Assets
Key audit matters	vs 2021
Recurring risks	Valuation of Investment Property, including Investment Property Under Construction
	Parent Company: Amounts owed by Group Undertakings

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2021), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Governance Report

Independent Auditor's Report to the Members of Big Yellow Group PLC (continued)

	Risk	Our response
<p>Valuation of Investment Property, including Investment Property under Construction</p> <p>Investment Property £2,342.2 million; 2021: £1,622.0m)</p> <p>Investment Property Under Construction £285.4 million; 2021: £163.5m)</p> <p><i>Refer to page 120 (Audit Committee Report), page 147 (accounting policy) and pages 162 to 164 (financial disclosures).</i></p>	<p>Subjective valuation:</p> <p>Investment property valuation is subjective and inherently judgmental in nature.</p> <p>Investment property fair values are calculated using actual and subjective assumptions inputs such as store occupancy, future growth in net rent, discount rates and exit capitalisation rates. For investment property under construction additional estimates include expected costs to complete, allowances for development risk and the risk of not obtaining planning permission for non-consented sites.</p> <p>The Group employs an external valuer to apply professional judgment concerning market conditions and factors impacting individual properties.</p> <p>The investment market for prime self storage is subject to market uncertainty due to the low volume of comparable transactions.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investment properties including investment property under construction has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p> <p>Disclosure quality:</p> <p>The financial statements (note 15) disclose the sensitivity estimated by the Group.</p> <p>The Directors' assessment of the extent of the disclosure is based on an evaluation of the inherent risks to the valuation.</p> <p>The risk for our audit is whether or not those disclosures adequately address the uncertainties within the valuation, and if so, whether those uncertainties are fundamental to the users' understanding of the financial statements.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> ▪ Review of accounting policy application: We assessed whether the valuation, presentation and disclosure of Investment Properties and Investment Property under Construction is in accordance with the Group accounting policy and IAS40 Investment Property. ▪ Assessing valuer credentials: We assessed the external valuer qualifications and expertise and read its terms of engagement with the Group to determine whether there were any matters that might have affected their independence and objectivity or may have imposed scope limitations upon their work. ▪ Methodology choice: We read the external valuation report which covers 100% of the investment properties and assessed whether the valuation approach was in accordance with RICS standards and suitable for use in determining the value for the purpose of the financial statements. ▪ Personnel interview: We met with the external valuer, the Group's senior Management and the audit committee chair with our own internal valuation specialists to discuss the valuation process, key assumption inputs such as occupancy, capital expenditure forecasts for investment property under construction and discount rates, and the rationale behind significant or unusual valuation movements during the year. ▪ Our sector experience: We used our knowledge of the entity, our experience of the real estate industry and observed industry norms when assessing the key assumptions and the significant or unusual valuation movements and, for investment property under construction, we considered the judgment made by the Directors and external valuers for planning risk for non-consented sites. ▪ Data provided to the valuer: We performed property visits and tested the current and historical accuracy of information used to generate key inputs to the valuation such as maximum lettable area, store occupancy and net rental income by physically inspecting a sample of storage units and inspecting a sample of customer storage licence agreements. ▪ Independent re-performance: Using our own internally produced model and the external valuer and Directors' inputs we assessed the accuracy of the valuation as produced by the external valuer. ▪ Tests of detail: For investment property under construction we compared the historical accuracy of Management's forecast construction costs to actual spend on similar construction projects in the past three years. We checked that supporting information for construction contracts and budgets such as original construction cost reports, which was also supplied to the valuer, was consistent with the Group's records. We assessed whether externally available pricing and inflation data inclusive of allowance for risk in development valuations were appropriately factored into the costs to complete forecast provided to the valuer. We also obtained evidence that planning permission had been granted for those development sites for which this was applicable.

Risk		Our response
<p>Amounts owed by Group Undertakings (Parent Company only)</p> <p>£764.9 million; 2021: £533.4m)</p> <p><i>Refer to page 148 (accounting policy) and page 183 (financial disclosures).</i></p>	<p>Low risk, high value:</p> <p>The carrying amount of the intra-group debtor balance represents 96% (2021: 95%) of the Company's total assets at 31 March 2022.</p> <p>Their recoverability is not at a high risk of significant misstatement or subject to significant judgment. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> ▪ Assessing transparency: We assessed whether the group's disclosures about the sensitivity of the valuation of investment properties to changes in key assumptions adequately reflected the related risks. <p>We performed the detailed tests above rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls.</p> <p>Our results</p> <p>We found the valuation of investment properties, and investment properties under construction and the disclosure of the associated level of uncertainty to be acceptable (2021 result: acceptable).</p> <hr/> <p>Our procedures included:</p> <ul style="list-style-type: none"> ▪ Test of details: We assessed 100% of Group debtors carrying amounts to the net assets of the relevant subsidiary included within their draft balance sheet, to identify whether the net asset values, being an approximation of the minimum recoverable amount, were in excess of their carrying amounts, as well as assessing whether those subsidiary companies have historically been profit-making ▪ Assessing component audits: We considered the results of the work performed on the component audits, including assessing the liquidity of the assets and therefore the ability of the subsidiaries to fund the repayment of the receivable. ▪ Assessing expected credit losses: For 100% of the Group debtors we evaluated the expected credit losses determined by the directors, in particular the likely risk of default with reference to the credit worthiness of the counterparty and any recent evidence of incurred credit losses. <p>We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the account balance meant that detailed testing is inherently the most effective means of obtaining audit evidence.</p> <p>Our results</p> <p>We found the Company's assessment that the carrying amount of the Group debtor balance is recoverable to be acceptable (2021: acceptable).</p>

Governance Report

Independent Auditor’s Report to the Members of Big Yellow Group PLC (continued)

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £19.8m (2021: £13.6m), determined with reference to a benchmark of total assets [of which it represents 0.74% (2021: 0.74%).

In addition, we applied materiality of £4.4m (2021: £3.4m) to all balances and classes of transactions impacting adjusted profit before tax (as reconciled to profit before tax in note 10 of the financial statements) for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the Company’s members’ assessment of the financial performance of the Group.

Materiality for the parent Company financial statements as a whole was set at £11.9m (2021: £6.1m), determined with reference to a benchmark of Company total assets, of which it represents 1.5% (2021: 1.1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £14.8m (2021: £10.2m) for the Group and £8.9m (2021: £4.6m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.99m (2021: £0.68m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group’s 30 (2021: 20) reporting components, we subjected 7 (2021: 7) to full scope audits for group purposes and 2 (2021: 0) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed.

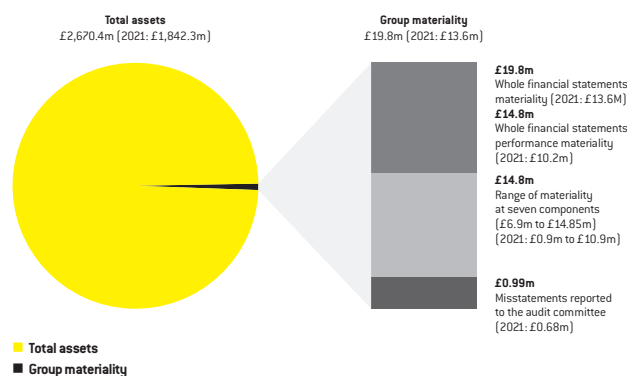
The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 2% (2021: 0%) of total group revenue, 3% (2021: 0%) of group profit before tax and 1% (2021: 0%) of total group assets is represented by 20 (2021: 13) reporting components, none of which individually represented more than 1% (2021: 0%) of any of total group revenue, group profit before tax or total group assets. For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

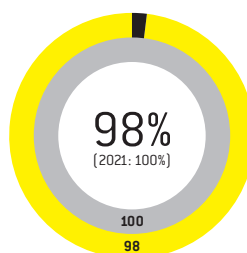
The work on all the components, including the audit of the parent Company, was performed by the Group team.

The Group team used component materialities, which ranged from £6.9m to £14.85m (2021: £0.9m to £10.9m), having regard to the mix of size and risk profile of the Group across the components.

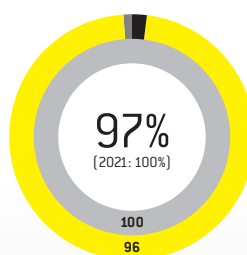
The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group’s internal control over financial reporting.



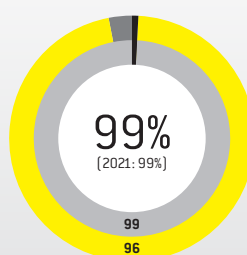
Group revenue



Group profit before tax



Group total assets



- Full scope for group audit purposes 2022
- Specified risk-focused audit procedures 2022
- Full scope for group audit purposes 2021
- Residual components

4. The impact of climate change on our audit

In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business and its financial statements. Further information is provided in the Group's strategic report (pages 51 to 54), the corporate social responsibility report (pages 56 to 74) and the corporate governance report (pages 78 to 88) which have been incorporated into the 2022 Annual Report.

Climate change risks and opportunities have had a limited impact on the Group. There is enhanced narrative in the Annual Report on climate matters.

As part of our audit we performed a risk assessment of the impact of climate change risk on the Group's Financial statements and our audit approach. In doing this we performed the following:

- Understanding management's processes: we made enquiries to understand management's assessment of the potential impact of climate change risk on the Group's Annual Report and Financial statements and the Group's preparedness for this. As a part of this we made enquiries to understand management's risk assessment process as it relates to possible effects of climate change on the Annual Report and Financial statements.
- Annual report narrative: We made enquiries of management to understand the process by which climate related narrative is developed including the primary sources of data used and the governance process in place over the narrative. As a part of our risk assessment, we read the climate related information in the front half of the Annual Report and considered consistency with the financial statements and our audit knowledge.

On the basis of the procedures performed above, we concluded that the risk of climate change was not significant when we considered the nature of the assets and relevant contractual terms. As a result, there was no material impact from this on our key audit matters.

5. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were:

- The impact of macro economic trends on customer activity, particularly customer occupancy rates.
- Increase in SONIA rates, increasing Group interest rates

We considered whether these risks could plausibly affect the liquidity and covenant compliance in the going concern period by assessing the directors sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

- Critically assessing assumptions in base case and downside scenarios relevant to covenant metrics, in particular in relation to customer performance (namely occupancy rates and net rent levels) by comparing to historical trends in severe economic situations and overlaying knowledge of the entity's trading performance to date and our knowledge of the entity and the sector in which it operates.
- We also compared past budgets to actual results to assess the directors' track record of budgeting accurately.
- We inspected confirmations from the lender on the level of committed financing, the associated covenant requirements and restrictions on the use of funds.
- We have challenged the Directors' assessment of the refinancing of loans due for expiry within the going concern period and considered the liquidity of the Group in a severe but plausible downside should no new facilities be obtained.
- We inspected the loan agreements in order to confirm the nature of the associated covenant requirements.
- We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.
- We assessed the completeness of the going concern disclosures.

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Governance Report

Independent Auditor's Report to the Members of Big Yellow Group PLC (continued)

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2 to be acceptable; and
- the related statement under the Listing Rules set out on page 50 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

6. Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, and the store compliance function and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inspecting Board and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for directors and management including the adjusted EPS target.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of investment property and investment property under construction. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited judgmental aspects to the Group's low value, high volume revenue streams.

We also identified a fraud risk related to valuation of investment property and investment property under construction in response to the subjective and inherently judgmental nature of this area.

Further detail in respect of valuation of investment property, including investment property under construction is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identified journal entries to test based on high risk criteria and obtained and corroborated supporting documentation for the identified entries. These included those posted to the investment property and investment property under construction account, those posted to the cash suspense account and unexpected revenue pairings.
- Evaluated the business purpose of significant unusual transactions.
- Assessed significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, Real Estate Investment Trust (REIT) legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, data protection laws and certain aspects of company legislation recognising the financial nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Governance Report

Independent Auditor's Report to the Members of Big Yellow Group PLC (continued)

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement on page 51 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal risks and uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 51 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review, and to report to you if a corporate governance statement has not been prepared by the company. We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
 - we have not identified material misstatements therein; and
 - the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 128, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Jones (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

23 May 2022

Financial Statements

Consolidated Statement of Comprehensive Income

Year ended 31 March 2022

	Note	2022 £000	2021 £000
Revenue	3	171,318	135,241
Cost of sales		(50,383)	(41,589)
Gross profit		120,935	93,652
Administrative expenses		(14,352)	(12,159)
Operating profit before gains on property assets		106,583	81,493
Gain on the revaluation of investment properties	14a,15	597,224	189,277
Gain on disposal of investment property		584	–
Operating profit		704,391	270,770
Share of profit of associates	14e	3,677	3,148
Investment income – interest receivable	7	23	69
– fair value movement on derivatives	7	1,389	–
Finance costs – interest payable	8	(10,604)	(8,017)
– fair value movement on derivatives	8	–	(148)
Profit before taxation		698,876	265,822
Taxation	9	(1,602)	(636)
Profit for the year (attributable to equity shareholders)	5	697,274	265,186
Total comprehensive income for the year (attributable to equity shareholders)		697,274	265,186
Basic earnings per share	12	385.4p	152.3p
Diluted earnings per share	12	384.2p	151.8p

EPRA earnings per share are shown in Note 12.

All items in the statement of comprehensive income relate to continuing operations.

The accompanying notes form part of the financial statements.

Consolidated Balance Sheet

31 March 2022

	Note	2022 £000	2021 £000
Non-current assets			
Investment property	14a	2,342,199	1,621,990
Investment property under construction	14a	285,400	163,537
Right-of-use assets	14a	19,174	16,644
Plant, equipment, and owner-occupied property	14b	3,857	3,910
Intangible assets	14c	1,433	1,433
Investment	14d	588	450
Investment in associates	14e	–	13,720
Capital Goods Scheme receivable	16	–	163
Derivative financial instruments	18c	885	–
		2,653,536	1,821,847
Current assets			
Inventories		483	366
Trade and other receivables	16	7,756	7,764
Cash and cash equivalents		8,605	12,322
		16,844	20,452
Total assets		2,670,380	1,842,299
Current liabilities			
Trade and other payables	17	(47,349)	(34,563)
Borrowings	19	(3,008)	(2,865)
Obligations under lease liabilities	21	(1,958)	(1,751)
		(52,315)	(39,179)
Non-current liabilities			
Derivative financial instruments	18c	–	(475)
Borrowings	19	(414,972)	(332,573)
Obligations under lease liabilities	21	(18,718)	(16,177)
		(433,690)	(349,225)
Total liabilities		(486,005)	(388,404)
Net assets		2,184,375	1,453,895
Equity			
Share capital	22	18,397	17,588
Share premium account		289,923	192,218
Reserves		1,876,055	1,244,089
Equity shareholders' funds		2,184,375	1,453,895

The financial statements were approved by the Board of Directors and authorised for issue on 23 May 2022. They were signed on its behalf by:

Jim Gibson
Director

John Trotman
Director

Company Registration No. 03625199

The accompanying notes form part of the financial statements.

Financial Statements

Consolidated Statement of Changes in Equity

Year ended 31 March 2022

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2021	17,588	192,218	74,950	1,795	1,168,363	(1,019)	1,453,895
Total comprehensive income for the year	–	–	–	–	697,274	–	697,274
Issue of share capital	809	97,705	–	–	–	–	98,514
Dividend	–	–	–	–	(68,698)	–	(68,698)
Credit to equity for equity-settled share-based payments	–	–	–	–	3,390	–	3,390
At 31 March 2022	18,397	289,923	74,950	1,795	1,800,329	(1,019)	2,184,375

The other non-distributable reserve arose in the year ended 31 March 2015 following the placing of 14.35 million ordinary shares.

The issue of share capital is net of expenses.

Year ended 31 March 2021

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2020	16,714	112,320	74,950	1,795	959,116	(1,019)	1,163,876
Total comprehensive income for the year	–	–	–	–	265,186	–	265,186
Issue of share capital	874	79,898	–	–	–	–	80,772
Dividend	–	–	–	–	(58,808)	–	(58,808)
Credit to equity for equity-settled share-based payments	–	–	–	–	2,869	–	2,869
At 31 March 2021	17,588	192,218	74,950	1,795	1,168,363	(1,019)	1,453,895

The accompanying notes form part of the financial statements.

Consolidated Cash Flow Statement

Year ended 31 March 2022

	Note	2022 £000	2021 £000
Cash generated from operations	26	120,390	87,131
Bank interest paid		(10,763)	(8,850)
Interest on obligations under lease liabilities		(843)	(772)
Interest received		2	26
Tax paid		(1,649)	(823)
Cash flows from operating activities		107,137	76,712
Investing activities			
Purchase of non-current assets		(105,151)	(73,010)
Disposal of investment property		584	–
Acquisition of Armadillo (net of cash acquired)		(66,679)	–
Investment	14d	(138)	(450)
Receipts from Capital Goods Scheme		381	737
Dividend received from associates	14e	435	688
Cash flows from investing activities		(170,568)	(72,035)
Financing activities			
Issue of share capital		98,514	80,772
Payment of lease liabilities		(1,384)	(1,009)
Equity dividends paid	11	(68,698)	(58,808)
Loan arrangement fees paid		(953)	–
Increase/(decrease) in borrowings		32,235	(64,728)
Cash flows from financing activities		59,714	(43,773)
Net decrease in cash and cash equivalents		(3,717)	(39,096)
Opening cash and cash equivalents		12,322	51,418
Closing cash and cash equivalents		8,605	12,322

The accompanying notes form part of the financial statements.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

1. General information

Big Yellow Group PLC is a Company incorporated in the United Kingdom under the Companies Act 2006, with registration number 03625199. The address of the registered office is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT. The nature of the Group's operations and its principal activities are set out in note 4 and in the Strategic Report on pages 14 to 30.

2. Significant accounting policies

Basis of preparation of financial statements

The Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the UK-adopted international accounting standards.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The financial statements are presented in Sterling, being the currency of the primary economic environment in which the Group operates. Unless otherwise stated, figures are rounded to the nearest thousand.

The accounting policies adopted are consistent with those of the previous financial year.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 3	Update to the Conceptual Framework for Financial Reporting
Amendments to IAS 16	Property, Plant and Equipment, Proceeds before Intended Use
Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets
Amendments to IFRS 9	Financial Instruments
Amendments to IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
IFRS 17	Insurance contracts
Amendments to IAS 8	Definition of Accounting Estimate
IAS1 and IFRS Practice Statement 2	Disclosure of Accounting Policy
Amendments to IAS 12	Income Taxes

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

There are no other Standards or Interpretations yet to be effective that would be expected to have a material impact on the financial statements of the Group.

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties and derivative financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted, which have been applied consistently to the results, other gains and losses, assets, liabilities, and cash flows of entities included in the consolidated financial statements in the current and preceding year, are set out below:

2. Significant accounting policies (continued)

Going concern

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

At 31 March 2022 the Group had available liquidity of approximately £163 million, from a combination of cash and undrawn bank debt facilities. The Group is cash generative and for the year ended 31 March 2022, had operational cash flow of £107.1 million, with capital commitments at the balance sheet date of £20.9 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 2023 and projections contained in the longer-term business plan which cover the period to March 2026. 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.

The Group has total facilities of £52.7 million secured on the Armadillo portfolios with Lloyds Bank plc. These facilities expire in April 2023. The Group has received credit approval from a new insurance debt provider to refinance these loans and provide additional headroom on our facilities with longer duration fixed debt; this is currently being documented.

The Group has a £120 million loan with M&G Investments Limited, with a bullet repayment in June 2023. The Group intends to refinance this loan with M&G this summer.

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

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 March each year. Control is achieved where the Company has the power to direct the relevant activities of an investee entity so as to obtain benefits from its activities.

The Group consolidates the financial results and balance sheets of Big Yellow Group PLC and all of its subsidiaries at the year end using acquisition accounting principles. All intra-group transactions, balances, income, and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. The results of subsidiaries acquired or disposed of during the year are included in the statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the business combination are recognised in the statement of comprehensive income. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at the lower of their carrying amount and fair value less costs to sell (excluding investment property which is measured at fair value).

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

2. Significant accounting policies (continued)**Intangible assets**

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at their acquisition date (which is typically regarded as their cost). Subsequent to their initial recognition, intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

Investment in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used into line with those used by the Group. Where a Group Company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Revenue recognition

Revenue represents amounts derived from the provision of services which fall within the Group's ordinary activities after deduction of trade discounts and any applicable value added tax. Self storage income is recognised over the period for which the storage room is occupied by the customer on a straight-line basis. Any future revenue is recognised as deferred income at the balance sheet date. The opening offer discount of 50% off for up to 8 weeks is spread evenly over the term of the discount period.

Other storage related income comprises:

- packing material sales are recognised at the point of sale, as there is no further ongoing performance obligation beyond the point of sale; and
- insurance income which is recognised on a straight-line basis over the period a customer occupies their room. The Group recognises insurance income as a principal, as the insurance contract is between the Group and the customer. The Group is also responsible for setting the pricing for the sale of insurance to customers.

The Group recognises non-storage income, which is principally rental income from tenants of properties awaiting development, on a straight-line basis over the period in which it is earned.

Management fees earned are recognised on a straight-line basis over the period for which the services are provided. Fees earned from associates are recognised in full in the statement of comprehensive income through revenue with the proportionate debit shown in the share of profit of associate. Performance fees are earned from the Group's management contract with the Armadillo associate. These fees are subject to performance thresholds such that revenue is not recognised until the specific conditions have been met, and it is highly probable that no significant reversal of amounts would occur.

Borrowings

Interest-bearing loans and overdrafts are initially measured at fair value, net of direct issue costs. Premiums payable on settlement or redemption and direct issue costs are accounted for on an accruals basis in the statement of comprehensive income using the effective interest rate method and are added to the carrying value amount of the instrument to the extent that they are not settled in the period in which they arise. Borrowings are subsequently held at amortised cost.

2. Significant accounting policies (continued)

Finance costs and income

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred, unless the costs are incurred as part of the development of a qualifying asset, when they will be capitalised. Commencement of capitalisation is the date when the Group incurs expenditure for the qualifying asset, incurs borrowing costs and undertakes activities that are necessary to prepare the assets for their intended use when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. In the case of suspension of activities during extended periods, the Group suspends capitalisation. The Group ceases capitalisation of borrowing costs when substantially all of the activities necessary to prepare the asset for use are complete, typically when a store opens.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

The Group classifies finance costs and income as operating cash flow in the cash flow statement.

Debt modification

A change in debt carried at amortised cost that is considered substantial is accounted for as an extinguishment, which means that the original debt is derecognised, with any gain or loss recorded in the statement of comprehensive income, and a new financial liability recorded based on the new terms. If the change is not considered to be substantial [substantial is defined as a change in the net present value of the cash flows of more than 10%], the original debt remains on the books and there is no current statement of comprehensive income impact.

Operating profit

Operating profit is stated after gains and losses on surplus land, movements on the revaluation of investment properties and before the share of results of associates, investment income and finance costs.

Taxation

The Group is a REIT and as a result the Group does not pay UK corporation tax on the profits and gains from its qualifying rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains of the Group are subject to corporation tax as normal. The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates substantively enacted at the balance sheet date that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset as there is a legally enforceable right to set off current tax assets against current tax liabilities.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

2. Significant accounting policies (continued)**Leases**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option.

Where the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Alternative Performance Measures (APMs)

The Group uses a number of APMs to monitor the performance of the business. Adjusted profit before tax and adjusted earnings per share are the Group's primary profit measure and reflect underlying profit by excluding capital and non-recurring items such as revaluation movements, gains or losses on the disposal of properties and the fair value movement of interest derivatives in accordance with EPRA guidelines. In addition, the Group adjusts for items such as the write off of acquisition costs, and fair value movements on the stepped acquisition of associates.

This treatment presents more relevant and useful information to users of financial statements by excluding 'exceptional' costs which are unusual in nature and size and therefore not reflective of the Group's recurring earnings.

Plant, equipment, and owner occupied property

All property, plant, and equipment, not classified as investment property, is carried at historic cost less depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and investment properties, less any residual value over their estimated useful lives, using the straight-line method, on the following bases:

Freehold property	50 years
Leasehold improvements	over period of the lease
Plant and machinery	10 years
Motor vehicles	4 years
Fixtures and fittings	5 years
Computer equipment	3 to 5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

2. Significant accounting policies (continued)

Investment property

The criteria used to distinguish investment property from owner-occupied property is to consider whether the property is held for rental income and/or for capital appreciation. Where this is the case, the Group recognises these owned or leased properties as investment properties.

Investment property is initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers. In accordance with IAS 40, investment property held as a leasehold is stated gross of the recognised right-of-use liability.

Gains or losses arising from the changes in fair value of investment property are included in the statement of comprehensive income for the period in which they arise. In accordance with IAS 40, as the Group uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

Leasehold properties are classified as investment properties and included in the balance sheet at fair value. The obligation to the lessor for the buildings element of the leasehold is included in the balance sheet at the present value of the minimum lease payments at inception and is shown within note 21. Note 21 does also include leases which are not classified as investment properties.

When the Group redevelops an existing investment property for continued future use as investment property, the property remains an investment property measured at fair value and is not reclassified.

Investment property under construction

Investment property under construction is initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers.

Gains or losses arising from the changes in fair value of investment property under construction are included in the statement of comprehensive income in the period in which they arise.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets (excluding investment property and derivative financial instruments which are carried at fair value) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of an asset's net selling price and its value-in-use (i.e. the net present value of its future cash flows discounted at the Group's average pre-tax interest rate that reflects the borrowing costs and risk for the asset).

Inventories

Inventories, representing the cost of packing materials, are stated at the lower of cost and net realisable value.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets at fair value through profit and loss ("FVTPL") are stated at fair value, with any gains or losses arising on re-measurement recognised in the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

A - Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of interest rates. The Group uses interest rate swap contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors. The policy in respect of interest rates is to maintain a balance between flexibility and the hedging of interest rate risk.

Derivatives are initially recognised at fair value and are subsequently reviewed at each balance sheet date. The fair value of interest rate derivatives at the reporting date is determined by discounting the future cash flows using the forward curves at the reporting date and the credit risk inherent in the contract.

Changes in the fair value of derivative financial instruments are recognised in the statement of comprehensive income as they arise. The Group has not adopted hedge accounting.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2022

2. Significant accounting policies (continued)**B – Financial assets**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Subsequent measurement and gains and losses

Financial assets at FVTPL – these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost – these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI – these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI – these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

C – Impairment of financial assets

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses (“ECLs”). When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full.

2. Significant accounting policies (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

D – Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amounts of these assets approximate to the fair value.

E – Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Retirement benefit costs

Pension costs represent contributions payable to defined contribution schemes and are charged as an expense to the statement of comprehensive income as they fall due. The assets of the schemes are held separately from those of the Group.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. These are measured at fair value at the date of grant. The fair value determined at the grant date of the share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes model and excludes the effect of non-market-based vesting conditions. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recovered in the statement of comprehensive income such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in the statement of comprehensive income for the year.

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2. Significant accounting policies (continued)

Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimate of fair value of Investment Properties and Investment Property under Construction (critical accounting estimate)

The Group's self storage centres and stores under development are valued using a discounted cash flow methodology which is based on projections of net operating income. The Group employs expert external valuers, JLL, who report on the values of the Group's stores on an annual basis. JLL were appointed as valuers in the year, replacing CBRE. The principal assumptions underlying the estimation of the fair value are those related to: stabilised occupancy levels; expected future growth in storage rents; capitalisation rates; and discount rates. For investment property under construction, the Group estimates the total costs to complete the construction of each store based on its latest assessment of costs for each development, which is based off the most recent market evidence the Group obtains from tender returns and discussion with key suppliers. JLL also consider climate change in their valuations, and the impacts that this could have on each of the Group's investment properties. A more detailed explanation of the background and methodology adopted in the valuation of the Group's investment properties is set out in note 15 to the financial statements.

Judgement of business combinations

The Directors assess whether the acquisition of property through the purchase of a corporate vehicle should be accounted for as an asset purchase or a business combination. Where the acquired corporate vehicle is an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors, the transaction is accounted for as a business combination. Where there are no such significant items, the transaction is treated as an asset purchase. The Directors assess when the risks and rewards associated with an acquisition or disposal have transferred. During the year, the Group acquired the remaining interest in Armadillo Storage Holding Company and Armadillo Storage Holding Company 2 Limited that it did not previously own. As this is a stepped acquisition, IFRS 3 requires that the previous stake be remeasured at the acquisition date at its fair value, with a corresponding gain recorded in the income statement. The Group additionally wrote off existing deferred tax and goodwill balances prior to the acquisition, as they had no ongoing value in the wider group.

3. Revenue

Analysis of the Group's operating revenue can be found below and in the portfolio summary on page 34.

	2022 £000	2021 £000
Open stores		
Self storage income	145,592	113,119
Insurance income	17,783	14,517
Packing materials income	3,142	2,771
Other income from storage customers	1,821	1,275
Ancillary store rental income	937	786
	169,275	132,468
Other revenue		
Non-storage income	1,598	1,420
Management fees earned	325	1,353
Business interruption insurance proceeds	120	–
Total revenue	171,318	135,241

Non-storage income derives principally from rental income earned from tenants of properties awaiting development.

4. Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. Given the nature of the Group's business, there is one segment, which is the provision of self storage and related services.

Revenue represents amounts derived from the provision of self storage and related services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax. The Group's net assets, revenue and profit before tax are attributable to one activity, the provision of self storage and related services. These all arise in the United Kingdom in the current year and prior year.

5. Profit for the year

a) Profit for the year has been arrived at after charging/(crediting):

	Note	2022 £000	2021 £000
Depreciation of plant, equipment, and owner-occupied property	14b	857	803
Depreciation of interest in leasehold properties		1,601	1,272
Gain on the revaluation of investment property		(597,224)	(189,277)
Gains on disposal of investment property		(584)	–
Cost of inventories recognised as an expense		1,405	1,189
Employee costs	6	23,181	19,769
Operating lease rentals		–	4

b) Analysis of auditor's remuneration:

	2022 £000	2021 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	365	227
Fees payable to the Company's auditor for the subsidiaries' annual accounts	50	36
Fees payable to the Company's auditor for the audit of the Company's associates	–	98
Total audit fees	415	361
Audit related assurance services – interim review	60	42
Total non-audit fees	60	42
Total audit and non-audit fees paid to KPMG LLP	475	403

The associates (Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited) are now wholly owned, so the fees are included in the overall Group fee.

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6. Employee costs

The average monthly number of full-time equivalent employees (including Executive Directors) was:

	2022 Number	2021 Number
Sales	365	310
Administration	62	60
	427	370

At 31 March 2022 the total number of Group employees was 495 (2021: 412).

	2022 £000	2021 £000
Their aggregate remuneration comprised:		
Wages and salaries	16,086	13,935
Social security costs	3,014	2,291
Other pension costs	691	674
Share-based payments	3,390	2,869
	23,181	19,769

Details of Directors' Remuneration is given on pages 94 to 117. The Directors are the only employees assessed as key management personnel.

7. Investment income

	2022 £000	2021 £000
Bank interest receivable	2	26
Unwinding of discount on Capital Goods Scheme receivable	21	43
Total interest receivable	23	69
Fair value movement on derivatives	1,389	–
Total investment income	1,412	69

8. Finance costs

	2022 £000	2021 £000
Interest on bank borrowings	11,772	9,380
Capitalised interest	(2,072)	(2,135)
Interest on obligations under lease liabilities	843	772
Other interest payable	61	–
Total interest payable	10,604	8,017
Fair value movement on derivatives	–	148
Total finance costs	10,604	8,165

9. Taxation

As a REIT, the Group does not pay UK corporation tax on the profits and gains from its qualifying rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains of the Group are subject to corporation tax as normal. The Group monitors its compliance with the REIT conditions. There have been no breaches of the conditions to date.

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. Finance (No.2) Bill 2021 announced that the main rate of corporation tax was going to increase to 25% from 1 April 2023 and this was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

UK current tax	2022 £000	2021 £000
– Current year	1,725	798
– Prior year	(123)	(162)
	1,602	636

A reconciliation of the tax charge is shown below:

	2022 £000	2021 £000
Profit before tax	698,876	265,822
Tax charge at 19% (2021 – 19%) thereon	132,786	50,506
Effects of:		
Revaluation of investment properties	(113,472)	(35,963)
Share of profit of associates	(699)	(598)
Other permanent differences	(2,031)	(1,921)
Profits from the tax-exempt business	(14,859)	(11,226)
Current year tax charge	1,725	798
Prior year adjustment	(123)	(162)
Total tax charge	1,602	636

At 31 March 2022 the Group has unutilised tax losses from the non-REIT taxable business of £34.2 million (2021: £34.2 million) available for offset against certain types of future taxable profits. All losses can be carried forward indefinitely.

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10. Adjusted profit

	2022 £000	2021 £000
Profit before tax	698,876	265,822
Gain on revaluation of investment properties – Group	(597,224)	(189,277)
– associates (net of deferred tax) to 30 June 2021	(1,537)	(2,074)
Change in fair value of interest rate derivatives – Group	(1,389)	148
– in associate	–	6
Armadillo fair value adjustments on acquisition	(1,756)	–
Gain on disposal of investment property	(584)	–
Acquisition costs written off	416	–
Adjusted profit before tax	96,802	74,625
Tax	(1,602)	(636)
Adjusted profit after tax	95,200	73,989

Adjusted profit before tax which excludes gains and losses on the revaluation of investment properties, changes in fair value of interest rate derivatives, acquisition costs written off in accordance with IFRS 3, fair value adjustments on acquisitions, and net gains and losses on disposal of investment property have been disclosed as, in the Board's view, this provides a clearer understanding of the Group's trading performance.

11. Dividends

	2022 £000	2021 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2021 of 17.0p (2020: 16.7p) per share.	31,039	29,124
Interim dividend for the year ended 31 March 2022 of 20.6p (2021: 17.0p) per share.	37,659	29,684
	68,698	58,808
Proposed final dividend for the year ended 31 March 2022 of 21.4p (2021: 17.0p) per share.	39,137	29,716

Subject to approval by shareholders at the Annual General Meeting to be held on 21 July 2022, the final dividend will be paid on 29 July 2022. The ex-div date is 7 July 2022 and the record date is 8 July 2022.

The Property Income Distribution ("PID") payable for the year is 42.0 pence per share (2021: 32.0 pence per share).

12. Earnings per share

	Year ended 31 March 2022			Year ended 31 March 2021		
	Earnings £000	Shares million	Pence per share	Earnings £000	Shares million	Pence per share
Basic	697,274	180.9	385.4	265,186	174.1	152.3
Dilutive share options	–	0.6	(1.2)	–	0.6	(0.5)
Diluted	697,274	181.5	384.2	265,186	174.7	151.8
Adjustments:						
Gain on revaluation of investment properties	(597,224)	–	(329.0)	(189,277)	–	(108.3)
Acquisition costs written off	416	–	0.2	–	–	–
Change in fair value of interest rate derivatives	(1,389)	–	(0.8)	148	–	0.1
Gain on disposal of investment property	(584)	–	(0.3)	–	–	–
Share of associate fair value gains and losses	(3,293)	–	(1.8)	(2,068)	–	(1.2)
EPRA – diluted	95,200	181.5	52.5	73,989	174.7	42.4
EPRA – basic	95,200	180.9	52.6	73,989	174.1	42.5

The calculation of basic earnings is based on profit after tax for the year. The weighted average number of shares used to calculate diluted earnings per share has been adjusted for the conversion of share options.

EPRA earnings and earnings per ordinary share have been disclosed to give a clearer understanding of the Group's trading performance.

13. Net assets per share

EPRA's Best Practices Recommendations guidelines for Net Asset Value (NAV) metrics are EPRA Net Tangible Assets (NTA), EPRA Net Reinstatement Value (NRV) and EPRA Net Disposal Value (NDV).

EPRA NTA is considered to be most consistent with the nature of Big Yellow's business which provides sustainable long-term progressive returns. EPRA NTA is shown in the table below. This measure is further adjusted by the adjustment the Group makes for purchaser's costs, which is the Group's Adjusted Net Asset Value (or Adjusted NAV).

Net assets per share are equity shareholders' funds divided by the number of shares at the year end. The shares currently held in the Group's Employee Benefit Trust are excluded from both net assets and the number of shares. Adjusted net assets per share include the effect of those shares issuable under employee share option schemes and the effect of alternative valuation methodology assumptions (see note 15).

	Year ended 31 March 2022			Year ended 31 March 2021		
	Equity attributable to ordinary shareholders £000	Shares million	Pence per share	Equity attributable to ordinary shareholders £000	Shares million	Pence per share
Basic NAV	2,184,375	182,844,471	1,194.7	1,453,895	174,757,563	831.9
Share and save as you earn schemes	1,592	1,409,649	(8.3)	1,451	1,427,948	(5.9)
Diluted NAV	2,185,967	184,254,120	1,186.4	1,455,346	176,185,511	826.0
Fair value of derivatives – Group	(885)	–	(0.5)	475	–	0.3
Fair value of derivatives – share of associate	–	–	–	6	–	–
Deferred tax in respect of valuation surpluses – associate	–	–	–	1,818	–	1.0
Intangible assets	(1,433)	–	(0.8)	(1,433)	–	(0.8)
EPRA NTA	2,183,649	184,254,120	1,185.1	1,456,212	176,185,511	826.5
Valuation methodology assumption (see note 15) (£000)	100,600	–	54.6	110,393	–	62.7
Adjusted NAV	2,284,249	184,254,120	1,239.7	1,566,605	176,185,511	889.2

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Year ended 31 March 2022

13. Net assets per share (continued)

JLL were appointed as the Group's valuers during the year. Their valuation model differs from the previous valuer CBRE's in that they do not assume a sale of the asset in year 10 of the discounted cash flow, instead taking the cash flows on in perpetuity at an all risks yield which reflects the implicit future growth of the business. This approach means purchaser's costs are not deducted on this in perpetuity cash flow. CBRE's model assumed a sale in year 10, and deducted purchaser's costs from this notional sale. This means the overall purchaser's costs are lower in the JLL model and explains why the valuation methodology assumption adjustment is lower in the current year compared to the prior year, despite the significant increase in valuation of the Group's investment properties.

14. Non-current assets

α) Investment property, investment property under construction and right-of-use assets

	Investment property £000	Investment property under construction £000	Right-of-use assets £000	Total £000
At 31 March 2020	1,385,120	136,299	17,829	1,539,248
Additions	11,657	63,174	–	74,831
Transfer on opening of stores	36,070	(36,070)	–	–
Revaluation (see note 15)	189,143	134	–	189,277
Depreciation	–	–	(1,185)	(1,185)
At 31 March 2021	1,621,990	163,537	16,644	1,802,171
Additions	10,921	95,509	1,084	107,514
Acquisition of Armadillo	138,418	–	4,862	143,280
Transfer on opening of stores	41,182	(41,182)	–	–
Revaluation (see note 15)	529,688	67,536	–	597,224
Depreciation	–	–	(1,553)	(1,553)
Impairment of Cheadle lease	–	–	(1,863)	(1,863)
At 31 March 2022	2,342,199	285,400	19,174	2,646,773

The right-of-use assets represent the present value of minimum lease payments for leasehold properties – see note 21 for further details of the obligations under lease liabilities.

Included within the revaluation gain on investment property is an impairment of £4.3 million in relation to the fire at Cheadle.

The income from self storage accommodation earned by the Group from its investment property is disclosed in note 3. Direct operating expenses, which are all applied to generating rental income, arising on the investment property in the year are disclosed in the portfolio summary on page 34. Included within additions is £2.1 million of capitalised interest (2021: £2.1 million), calculated at the Group's average borrowing cost for the year of 2.8%. 86 of the Group's investment properties are pledged as security for loans, with a total external value of £1.9 billion.

14. Non-current assets (continued)

b) Plant, equipment, and owner-occupied property

	Freehold property £000	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings & office equipment £000	Right of use assets £000	Total £000
Cost							
At 31 March 2020	2,275	77	490	32	1,170	872	4,916
Retirement of fully depreciated assets	–	(18)	(167)	–	(602)	–	(787)
Additions	–	–	116	–	694	–	810
At 31 March 2021	2,275	59	439	32	1,262	872	4,939
Retirement of fully depreciated assets	–	–	(107)	–	(402)	–	(509)
Additions	15	–	115	–	780	–	910
At 31 March 2022	2,290	59	447	32	1,640	872	5,340
Depreciation							
At 31 March 2020	(536)	(26)	(180)	(28)	(32)	(106)	(908)
Retirement of fully depreciated assets	–	18	167	–	602	–	787
Charge for the year	(57)	(4)	(116)	(4)	(622)	(105)	(908)
At 31 March 2021	(593)	(12)	(129)	(32)	(52)	(211)	(1,029)
Retirement of fully depreciated assets	–	–	107	–	402	–	509
Charge for the year	(43)	(4)	(113)	–	(697)	(106)	(963)
At 31 March 2022	(636)	(16)	(135)	(32)	(347)	(317)	(1,483)
Net book value							
At 31 March 2022	1,654	43	312	–	1,293	555	3,857
At 31 March 2021	1,682	47	310	–	1,210	661	3,910

c) Intangible assets

The intangible asset relates to the Big Yellow brand, which was acquired through the acquisition of Big Yellow Self Storage Company Limited in 1999. The carrying value remains unchanged from the prior year as there is considered to be no impairment in the value of the asset. The asset has an indefinite life and is tested annually for impairment or more frequently if there are indicators of impairment.

d) Investment

During the prior year, the Group invested £450,000 in DS Operations Centre Limited (“DSOC”), a company which provides out-of-hours monitoring and alarm receiving services, including for the Group’s stores. In December 2021, the Group invested a further £138,000 in DSOC. The investment is carried at cost and tested annually for impairment.

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14. Non-current assets (continued)

e) Investment in associates

Armadillo

The Group had a 20% interest in Armadillo Storage Holding Company Limited ("Armadillo 1") and a 20% interest in Armadillo Storage Holding Company 2 Limited ("Armadillo 2"). Both interests were accounted for as associates, using the equity method of accounting. On 1 July 2021 the Group acquired the remaining interest in Armadillo 1 and Armadillo 2 that it did not previously own. From this date, Armadillo 1 and Armadillo 2 are accounted for as a wholly owned subsidiaries of the Group. The results up to this date are equity accounted as shown in the note below:

	Armadillo 1		Armadillo 2		Total	
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
At the beginning of the year	8,698	7,027	5,022	4,233	13,720	11,260
Share of results (see below)	2,413	2,013	1,264	1,135	3,677	3,148
Dividends	(211)	(342)	(224)	(346)	(435)	(688)
Acquisition of remaining interest	(10,900)	–	(6,062)	–	(16,962)	–
Share of net assets	–	8,698	–	5,022	–	13,720

14. Non-current assets (continued)

e) Investment in associates (continued)

The figures below show the trading results of Armadillo, and the Group's share of the results and the net assets up to the point of acquisition of the remaining interest in the Partnerships on 1 July 2021.

	Armadillo 1		Armadillo 2	
	1 April 2021 to 30 June 2021 £000	Year ended 31 March 2021 £000	1 April 2021 to 30 June 2021 £000	Year ended 31 March 2021 £000
Statement of comprehensive income (100%)				
Revenue	3,170	11,338	1,876	6,664
Cost of sales	(1,601)	(5,967)	(793)	(2,953)
Administrative expenses	(126)	(345)	(45)	(161)
Operating profit	1,443	5,026	1,038	3,550
Goodwill write-off	(982)	–	(1,849)	–
Gain on the revaluation of investment properties	4,888	8,565	2,795	4,235
Net interest payable	(274)	(1,177)	(183)	(752)
Fair value movement of interest rate derivatives	–	(18)	–	(11)
Deferred and current tax	6,988	(2,330)	4,519	(1,347)
Profit attributable to shareholders	12,063	10,066	6,320	5,675
Dividends paid	(1,054)	(1,708)	(1,120)	(1,730)
Retained profit	11,009	8,358	5,200	3,945
Group share (20%)				
Operating profit	289	1,005	208	710
Goodwill write-off	(196)	–	(370)	–
Gain on the revaluation of investment properties	978	1,713	559	847
Net interest payable	(55)	(235)	(37)	(150)
Fair value movement of interest rate derivatives	–	(4)	–	(2)
Deferred and current tax	1,397	(466)	904	(270)
Profit attributable to shareholders	2,413	2,013	1,264	1,135
Dividends paid	(211)	(342)	(224)	(346)
Retained profit/(loss)	2,202	1,671	1,040	789
Associates' net assets	–	8,698	–	5,022
Balance sheet (100%)				
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
Investment property	–	81,075	–	48,425
Interest in leasehold properties	–	2,750	–	2,219
Other non-current assets	–	1,204	–	2,004
Current assets	–	1,169	–	339
Current liabilities	–	(2,923)	–	(1,946)
Derivative financial instruments	–	(18)	–	(11)
Non-current liabilities	–	(39,767)	–	(25,918)
Net assets (100%)	–	43,490	–	25,112

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14. Non-current assets (continued)

e) Investment in associates (continued)

Accounting for the acquisition - Armadillo 1

The following provides a breakdown of the fair value of the assets and liabilities acquired. The investment properties have been valued by the Directors with regard to the March 2021 property valuations performed by JLL uplifted for the capital movement in the three month period to the Acquisition date.

	£000
Investment property	86,553
Other non-current assets	2,949
Current assets	1,981
Current liabilities	(3,825)
Bank borrowings	(30,444)
Obligations under lease liabilities due greater than one year	(2,717)
Net assets (100%)	54,497
Net assets acquired (80% of £54.5 million)	43,598
Satisfied by cash consideration	(43,598)
	–

From the date of acquisition of the Partnership on 1 July 2021 to 31 March 2022, the revenue of the Partnership was £10.4 million, and the statutory profit before tax was £12.8 million.

Accounting for the acquisition - Armadillo 2

The following provides a breakdown of the fair value of the assets and liabilities acquired. The investment properties have been valued by the Directors with regard to the March 2021 property valuations performed by JLL uplifted for the capital movement in the three month period to the Acquisition date.

	£000
Investment property	51,865
Other non-current assets	2,285
Current assets	961
Current liabilities	(2,969)
Bank borrowings	(20,116)
Obligations under lease liabilities due greater than one year	(1,707)
Net assets (100%)	30,319
Net assets acquired (80% of £30.3 million)	24,255
Satisfied by cash consideration	(24,255)
	–

From the date of acquisition of the Partnership on 1 July 2021 to 31 March 2022, the revenue of the Partnership was £5.9 million, and the statutory profit before tax was £2.4 million.

14. Non-current assets (continued)

e) Investment in associates (continued)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired

Investment property	External market valuation model: The Directors paid regard to JLL's external valuation from 31 March 2021 and uplifted the valuations for the capital movement from that date.
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

The trade receivables acquired across both companies comprise gross contractual amounts due of £0.5 million, of which £41,000 was expected to be uncollectable at the date of the acquisition.

No amounts have been fair valued on a provisional basis.

The Directors considered whether there were any intangibles acquired, in particular customer lists and the Armadillo brand. The Directors concluded that no material intangibles were acquired.

Cash

The amount of cash and cash equivalents over which control was obtained in the year from the acquisition of the two Armadillo transactions was £1.2 million.

Fair value adjustments

On acquisition of the remaining interests in Armadillo, the Group made certain fair value adjustments to the Armadillo balance sheets. These were:

- an increase in the investment property valuation, reflecting the fair value of the assets at 30 June 2021;
- the write off of goodwill contained in the Armadillo balance sheets; and
- the write back of deferred tax (principally on revaluation surpluses) contained in the Armadillo balance sheets, with Armadillo joining the Big Yellow REIT on acquisition.

These fair value adjustments are shown in the share of profit of the associates in the period to 30 June 2021 and amounted to a gain of £3.3 million.

Acquisition costs

The Group incurred acquisition-related costs of £0.4 million on legal fees and stamp duty. These costs have been included in administrative expenses.

Proforma impact of acquisitions

For the nine months ended 31 March 2022, the Armadillo Partnerships contributed revenue of £16.3 million and statutory profit before tax of £15.2 million. If the acquisition had occurred on 1 April 2021, management estimates that consolidated revenue would have been £176.0 million for the year and consolidated profit before tax for the year would have been £712.0 million. In determining these amounts, management has assessed that the fair value adjustments that arose on the date of acquisition would have been insignificantly different if the acquisition had occurred on 1 April 2021, other than for investment property, whereby the 30 June 2021 valuations were different compared to the valuations at 31 March 2021.

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15. Valuation of investment property

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
Freehold stores			
At 31 March 2021	721,121	869,769	1,590,890
Transfer from investment property under construction	46,248	(5,066)	41,182
Acquisition of Armadillo	130,281	–	130,281
Movement in year	10,616	528,030	538,646
At 31 March 2022	908,266	1,392,733	2,300,999
Leasehold stores			
At 31 March 2021	13,290	17,810	31,100
Acquisition of Armadillo	8,137	–	8,137
Cheadle impairment	–	(4,349)	(4,349)
Movement in year	305	6,007	6,312
At 31 March 2022	21,732	19,468	41,200
Total of open stores			
At 31 March 2021	734,411	887,579	1,621,990
Transfer from investment property under construction	46,248	(5,066)	41,182
Acquisition of Armadillo	138,418	–	138,418
Cheadle impairment	–	(4,349)	(4,349)
Movement in year	10,921	534,037	544,958
At 31 March 2022	929,998	1,412,201	2,342,199
Investment property under construction			
At 31 March 2021	162,592	945	163,537
Transfer to investment property	(46,248)	5,066	(41,182)
Movement in year	95,509	67,536	163,045
At 31 March 2022	211,853	73,547	285,400
Valuation of all investment property			
At 31 March 2021	897,003	888,524	1,785,527
Acquisition of Armadillo	138,418	–	138,418
Cheadle impairment	–	(4,349)	(4,349)
Movement in year	106,430	601,573	708,003
At 31 March 2022	1,141,851	1,485,748	2,627,599

The Group has classified the fair value investment property and the investment property under construction within Level 3 of the fair value hierarchy. There has been no transfer to or from Level 3 in the year.

The Group's freehold and leasehold investment properties have been valued at 31 March 2022 by external valuers, Jones Lang LaSalle ("JLL"). The Valuation has been prepared in accordance with the version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement ("the Red Book") current as at the valuation date. The valuation of each of the investment properties and the investment properties under construction has been prepared on the basis of either Fair Value or Fair Value as a fully equipped operational entity, having regard to trading potential, as appropriate.

15. Valuation of investment property (continued)

The valuation has been provided for financial reporting purposes and as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, JLL have confirmed that:

- this is JLL's first annual valuation for these purposes on behalf of the Group;
- JLL do not provide other significant professional or agency services to the Group;
- in relation to the preceding financial year of JLL, the proportion of the total fees payable by the Group to the total fee income of the firm is less than 5%; and
- the fee payable to JLL is a fixed amount per asset and is not contingent on the appraised value.

The self storage properties have been valued on the basis of Fair Value as fully equipped operational entities, having regard to trading potential. Due to the specialised nature and use of the buildings the approach is to adopt a profits method of valuation in an explicit Discounted Cash Flow calculation and then consider the results in the context of recent comparable evidence of transactions in the sector.

The profits method requires an estimate of the future cashflow that can be generated from the use of the building as a self storage facility, assuming a reasonably efficient operator. Judgements are made as to the trading potential and likely long term sustainable occupancy. Stable occupancy depends upon the nature of demand, size of property and nearby competition, and allows for a reasonable vacancy rate to enable the operator to sell units to new customers. The cash flow runs for an explicit period of 10 years, after which it is capitalised at an all risks yield which reflects the implicit future growth of the business, or a hypothetical sale. This is a valuer's shortcut: maintaining the cash flow into perpetuity would provide the same result. The comparison with recent transactions requires the evidence to be considered in terms of the multiple on net operating profit (or EBITDA/EBITDAR), value per square foot, yield profile etc and then adjusted to reflect differences in location, building factors, tenure, trading maturity and trading risk.

This mirrors the typical approach of purchasers in the self storage market. However, in view of the relatively limited availability of comparable market evidence this requires a degree of valuer judgment. In particular, most of the transactions have comprised share sales due to the nature of the asset class and the terms of those transactions have mostly been kept confidential between the parties.

Portfolio Premium

JLL's valuation report confirms that the properties have been valued individually but that if the portfolio was to be sold as a single lot or in selected groups of properties, the total value could differ. JLL state that in current market conditions they are of the view that there could be a portfolio premium.

Assumptions

- A. Net operating income is based on projected revenue received less projected operating costs, which include a management fee to take account of central/head office costs. The initial net operating income is calculated by estimating the net operating income in the first 12 months following the valuation date.
- B. The net operating income in future years is calculated assuming either straight-line absorption from day one actual occupancy or variable absorption over years one to five of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the 105 trading stores (both freeholds and leaseholds) open at 31 March 2022 averages 88% (31 March 2021: 78 stores averaging 87%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth.
- C. The capitalisation rates applied to existing and future net cash flow have been estimated by reference to underlying yields for asset types such as industrial, distribution and retail warehousing, yields for other trading property types such as student housing and hotels, bank base rates, ten-year money rates, inflation and the available evidence of transactions in the sector. The valuation included in the accounts assumes rental growth in future periods. The net initial yield for the 105 stores is 5.2% (31 March 2021: 5.9%). The weighted average exit capitalisation rate adopted (for both freeholds and leaseholds) is 5.5% (31 March 2021: 5.7%).
- D. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) is 7.1% (31 March 2021: 8.7%).
- E. Purchaser's costs of 6.8% have been adopted reflecting current progressive Stamp Duty Land Tax rates.

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15. Valuation of investment property (continued)**Short leasehold**

The same methodology has been used as for freeholds, but the exit capitalisation rate is adjusted to reflect the unexpired lease term at exit. The average unexpired term of the Group's eight short leasehold properties is 14.0 years (31 March 2021: 11.9 years unexpired).

Sensitivities

As noted in 'Significant judgements and key estimates' on page 150, self storage valuations are complex, derived from data which is not widely publicly available and involve a degree of judgement. For these reasons we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13. Inputs to the valuations, some of which are 'unobservable' as defined by IFRS 13, include capitalisation yields, stable occupancy rates, and rental growth rates. The existence of an increase of more than one unobservable input would augment the impact on valuation. The impact on the valuation would be mitigated by the inter-relationship between unobservable inputs moving in opposite directions. For example, an increase in stable occupancy may be offset by an increase in yield, resulting in no net impact on the valuation. A sensitivity analysis showing the impact on valuations of changes in yields and stable occupancy is shown below.

	Impact of a change in capitalisation rates		Impact of a change in stabilised occupancy assumption	
	25 bps decrease	25 bps increase	1% increase	1% decrease
Reported Group	4.86%	(4.43%)	1.32%	(1.37%)

A sensitivity analysis has not been provided for a change in the rental growth rate adopted as there is a relationship between this measure and the discount rate adopted. So, in theory, an increase in the rental growth rate would give rise to a corresponding increase in the discount rate and the resulting value impact would be limited.

Investment properties under construction

JLL have valued the stores in development adopting the same methodology as set out above but on the basis of the cash flow projection expected for the store at opening and after allowing for the outstanding costs to take each scheme from its current state to completion and full fit-out. JLL have allowed for holding costs and construction contingency, as appropriate. Five of the schemes valued do not yet have planning consent and JLL have reflected the planning risk in their valuation.

Valuation assumption for purchaser's costs

The Group's investment property assets have been valued for the purposes of the financial statements after deducting notional weighted average purchaser's cost of 6.8% on the net value, as if they were sold directly as property assets. The valuation is an asset valuation which is entirely linked to the operating performance of the business. The assets would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be very difficult to achieve except in a corporate structure. This approach follows the logic of the valuation methodology in that the valuation is based on a capitalisation of the net operating income after allowing a deduction for operational cost and an allowance for central administration costs. Sale in a corporate structure would result in a reduction in the assumed Stamp Duty Land Tax but an increase in other transaction costs reflecting additional due diligence resulting in a reduced notional purchaser's cost of 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. The Group therefore instructed JLL to carry out an additional valuation on the above basis, and this results in a higher property valuation at 31 March 2022 of £2,728.2 million (£100.6 million higher than the value recorded in the financial statements) translating to 54.7 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 13).

16. Trade and other receivables

	31 March 2022 £000	31 March 2021 £000
Current		
Trade receivables	4,763	3,562
Capital Goods Scheme receivable	234	525
Other receivables	715	1,474
Prepayments and accrued income	2,044	2,203
	7,756	7,764
Non-current		
Capital Goods Scheme receivable	–	163

Trade receivables are net of a bad debt provision of £563,000 (2021: £223,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Financial Review contains commentary on the Capital Goods Scheme receivable.

Trade receivables

The Group does not typically offer credit terms to its customers, requiring them to pay in advance of their storage period and hence the Group is not exposed to significant credit risk. A late charge of 10% is applied to a customer's account if they are more than 10 days overdue in their payment. The Group provides for receivables on a specific basis. There is a right of lien over the customers' goods, so if they have not paid within a certain time frame, we have the right to sell the items they store to recoup the debt owed. Trade receivables that are overdue are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

For individual storage customers, the Group does not perform credit checks, however this is mitigated by the fact that these customers are required to pay in advance, and also to pay a deposit ranging from one week to four weeks' storage income. Before accepting a new business customer who wishes to use a number of the Group's stores, the Group uses an external credit rating to assess the potential customer's credit quality and defines credit limits by customer. There are no customers who represent more than 5% of the total balance of trade receivables.

Included in the Group's trade receivables balance are debtors with a carrying amount of £713,000 (2021: £465,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 18 days past due (2021: 25 days past due).

The creation and release of credit loss allowances have been included in cost of sales in the income statement.

The Group measures the loss allowance for the trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor. The Group provides in full against all receivables due over 45 days past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtors are in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

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16. Trade and other receivables (continued)

The following table details the risk profile of trade receivables based on the Group's provision matrix:

	Not past due	<31 days	31-45 days	>45 days	Total
Expected credit loss rate (%)	0.2%	10.4%	20.5%	100%	10.6%
Gross carrying amount (£000)	4,058	733	71	464	5,326
Lifetime ECL (£000)	(8)	(77)	(14)	(464)	(563)
Net trade receivables at 31 March 2022	4,050	656	57	–	4,763

	Not past due	<31 days	31-45 days	>45 days	Total
Expected credit loss rate (%)	0.2%	2.2%	10.6%	100%	5.9%
Gross carrying amount (£000)	3,103	456	21	205	3,785
Lifetime ECL (£000)	(6)	(10)	(2)	(205)	(223)
Net trade receivables at 31 March 2021	3,097	446	19	–	3,562

The above balances are short term and therefore the difference between the book value and the fair value is not significant. Consequently, these have not been discounted.

Movement in the credit loss allowance

	2022 £000	2021 £000
Balance at the beginning of the year	223	176
Credit loss allowance consolidated on Armadillo acquisition	41	–
Amounts provided in year	463	239
Amounts written off as uncollectible	(164)	(192)
Balance at the end of the year	563	223

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the credit loss allowance.

17. Trade and other payables

	31 March 2022 £000	31 March 2021 £000
Current		
Trade payables	5,705	4,052
Other payables	13,762	8,036
Accruals and deferred income	27,882	22,475
	47,349	34,563

The Group has financial risk management policies in place to ensure that all payables are paid within the credit terms. The Directors consider the carrying amount of trade and other payables and accruals and deferred income approximates fair value.

The Group invoices its customers in advance, and hence any deferred income balance primarily relates to amounts paid by customers for rental periods beyond the balance sheet date. The Groups' deferred income balance at 31 March 2022 was £15.8 million, an increase of 22% from 31 March 2021 (£12.9 million). This reflects the growth in the Group's revenue during the year, both on a like-for-like basis, and through the acquisition of the remaining 80% interest in Armadillo.

18. Financial instruments

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group's debt facilities require 40% of total drawn debt to be fixed. The Group has complied with this during the year.

With the exception of derivative instruments which are classified as a financial liability at fair value through the statement of comprehensive income ("FVOCI"), financial liabilities are categorised under amortised cost. All financial assets are categorised as fair value to profit and loss ("FVTPL").

Exposure to credit and interest rate risks arise in the normal course of the Group's business. Derivative financial instruments are used to manage exposure to fluctuations in interest rates but are not employed for speculative purposes.

A. Balance sheet management

The Group's Board reviews the capital structure on an ongoing basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Group seeks to have a conservative gearing ratio (the proportion of net debt to equity). The Board considers at each review the appropriateness of the current ratio in light of the above. The Board is currently satisfied with the Group's gearing ratio.

The gearing ratio at the year end is as follows:

	2022 £000	2021 £000
Debt	(420,435)	(337,300)
Cash and cash equivalents	8,605	12,322
Net debt	(411,830)	(324,978)
Balance sheet equity	2,184,375	1,453,895
Net debt to equity ratio	18.9%	22.4%

B. Debt management

The Group currently borrows through a senior term loan, secured on 26 self storage assets, a loan with Aviva Commercial Finance Limited secured on a portfolio of 20 self storage assets, a £120 million loan from M&G Investments Limited secured on a portfolio of 15 self storage assets, and two loans secured on the Armadillo portfolios from Lloyds Bank amounting to £52.7 million. Borrowings are arranged to ensure an appropriate maturity profile and to maintain short-term liquidity. Funding is arranged through banks and financial institutions with whom the Group has a strong working relationship.

C. Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

At 31 March 2022 the Group had three interest rate derivatives in place – £35 million fixed at 0.88% (excluding the margin on the underlying debt instrument) until June 2023, and two interest rate derivatives within the Armadillo loans, amounting to £26.4 million fixed at 0.24% until April 2023.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The £35 million interest rate swap settles on a three-monthly basis. The floating rate on the interest rate swap is three month SONIA. The Group settles the difference between the fixed and floating interest rate on a net basis.

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18. Financial instruments (continued)**C. Interest rate risk management (continued)**

The £26.4 million interest rate swaps in the Armadillo loans settle on a monthly basis. The floating rate on the interest rate swap is one month SONIA. The Group settles the difference between the fixed and floating interest rate on a net basis.

The Group does not hedge account for its interest rate swaps and states them at fair value, with changes in fair value included in the statement of comprehensive income. A reconciliation of the movement in derivatives is provided in the table below:

	2022 £000	2021 £000
At 1 April	(475)	(327)
Fair value of Armadillo derivatives on acquisition of remaining interest	(29)	–
Fair value movement in the year	1,389	(148)
At 31 March	885	(475)

The table below reconciles the opening and closing balances of the Group's finance related liabilities for the current and prior year.

	Loans £000	Obligations under lease liabilities £000	Interest rate derivatives £000	Total £000
At 1 April 2021	(337,300)	(17,928)	(475)	(355,703)
Cash movement in the year	(32,235)	1,384	–	(30,851)
Acquisition of remaining interest in Armadillo	(50,900)	(4,862)	(29)	(55,791)
Impairment of Cheadle lease	–	1,944	–	1,944
Fair value movement	–	(1,214)	1,389	175
At 31 March 2022	(420,435)	(20,676)	885	(440,226)

The difference between the loans balance above and the balance sheet is loan arrangement fees of £2,455,000.

	Loans £000	Obligations under lease liabilities £000	Interest rate derivatives £000	Total £000
At 1 April 2020	(402,028)	(18,937)	(327)	(421,292)
Cash movement in the year	64,728	1,009	–	65,737
Non-cash movement	–	–	(148)	(148)
At 31 March 2021	(337,300)	(17,928)	(475)	(355,703)

The difference between the loans balance above and the balance sheet is loan arrangement fees of £1,862,000.

D. Interest rate sensitivity analysis

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings, without jeopardising its flexibility. Over the longer term, permanent changes in interest rates may have an impact on consolidated earnings.

At 31 March 2022, it is estimated that an increase of 0.25 percentage points in interest rates would have reduced the Group's adjusted profit before tax and net equity by £493,000 (2021: reduced adjusted profit before tax by £394,000) and a decrease of 0.25 percentage points in interest rates would have increased the Group's adjusted profit before tax and net equity by £493,000 (2021: increased adjusted profit before tax by £394,000). The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings, net of interest rate swaps, at the year end.

The Group's sensitivity to interest rates has increased during the year, following the increase in the amount of floating rate debt. The Board monitors closely the exposure to the floating rate element of our debt.

18. Financial instruments (continued)

E. Cash management and liquidity

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 19 is a description of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Short term money market deposits are used to manage liquidity whilst maximising the rate of return on cash resources, giving due consideration to risk.

F. Foreign currency management

The Group does not have any foreign currency exposure.

G. Credit risk

The credit risk management policies of the Group with respect to trade receivables are discussed in note 16. The Group has no significant concentration of credit risk, with exposure spread over 73,000 occupied rooms in our stores.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

H. Financial maturity analysis

In respect of interest-bearing financial liabilities, the following table provides a maturity analysis for individual elements.

2022 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Aviva loan	161,935	3,008	3,159	10,459	145,309
M&G loan payable at variable rate	85,000	–	85,000	–	–
M&G loan fixed by interest rate derivatives	35,000	–	35,000	–	–
Bank loan payable at variable rate	99,000	–	–	99,000	–
Armadillo loan fixed by interest rate derivatives	26,350	–	26,350	–	–
Armadillo loan payable at variable rate	13,150	–	13,150	–	–
Total	420,435	3,008	162,659	109,459	145,309

2021 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Aviva loan	114,800	2,865	3,008	9,959	98,968
M&G loan payable at variable rate	35,000	–	–	35,000	–
M&G loan fixed by interest rate derivatives	35,000	–	–	35,000	–
Bank loan payable at variable rate	122,500	–	–	122,500	–
Debt fixed by interest rate derivatives	30,000	–	–	30,000	–
Total	337,300	2,865	3,008	232,459	98,968

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18. Financial instruments (continued)**I. Fair values of financial instruments**

The fair values of the Group's cash and short-term deposits and those of other financial assets equate to their book values. Details of the Group's receivables at amortised cost are set out in note 16. The amounts are presented net of provisions for doubtful receivables, and allowances for impairment are made where appropriate. Trade and other payables, including bank borrowings, are carried at amortised cost. Obligations under lease liabilities are included at the present value of their minimum lease payments. Derivatives are carried at fair value.

For those financial instruments held at valuation, the Group has categorised them into a three level fair value hierarchy based on the priority of the inputs to the valuation technique in accordance with IFRS 7. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. The fair value of the Group's outstanding interest rate derivatives, as detailed in note 18C, have been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 7. There are no financial instruments which have been categorised as Level 1 or Level 3. The fair value of the Group's debt equates to its book value.

J. Maturity analysis of financial liabilities

The contractual maturities based on market conditions and expected yield curves prevailing at the year end date are as follows:

2022	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Obligations under lease liabilities £000	Total £000
From five to twenty years	–	–	153,835	22,765	176,600
From two to five years	–	–	126,541	5,432	131,973
From one to two years	–	(174)	172,163	1,989	173,978
Due after more than one year	–	(174)	452,539	30,186	482,551
Due within one year	19,467	(608)	15,869	1,989	36,717
Total	19,467	(782)	468,408	32,175	519,268

2021	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Obligations under lease liabilities £000	Total £000
From five to twenty years	–	–	104,576	18,274	122,850
From two to five years	–	25	249,913	5,267	255,205
From one to two years	–	162	11,638	1,780	13,580
Due after more than one year	–	187	366,127	25,321	391,635
Due within one year	12,088	271	11,639	1,780	25,778
Total	12,088	458	377,766	27,101	417,413

18. Financial instruments (continued)

K. Reconciliation of maturity analyses

The maturity analysis in note 18J shows non-discounted cash flows for all financial liabilities including interest payments. The table below reconciles the borrowings column in note 19 with the borrowings and interest column in the maturity analysis presented in note 18J.

2022	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	145,309	7,156	1,370	153,835
From two to five years	109,459	16,533	549	126,541
From one to two years	162,659	8,968	536	172,163
Due after more than one year	417,427	32,657	2,455	452,539
Due within one year	3,008	12,861	–	15,869
Total	420,435	45,518	2,455	468,408

2021	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	98,968	4,703	905	104,576
From two to five years	232,459	16,497	957	249,913
From one to two years	3,008	8,630	–	11,638
Due after more than one year	334,435	29,830	1,862	366,127
Due within one year	2,865	8,774	–	11,639
Total	337,300	38,604	1,862	377,766

19. Borrowings

Secured borrowings at amortised cost	31 March 2022 £000	31 March 2021 £000
Current liabilities		
Aviva loan	3,008	2,865
	3,008	2,865
Non-current liabilities		
Bank borrowings	99,000	152,500
Armadillo loans	39,500	–
Aviva loan	158,927	111,935
M&G loan	120,000	70,000
Unamortised loan arrangement costs	(2,455)	(1,862)
Total non-current borrowings	414,972	332,573
Total borrowings	417,980	335,438

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19. Borrowings (continued)

The weighted average interest rate paid on the borrowings during the year was 2.8% (2021: 2.9%).

The Group has £141 million in undrawn committed bank borrowing facilities at 31 March 2022, which expire after between two and three years and £13.2 million in undrawn committed bank borrowing facilities which expire between one and two years (2021: £87.5 million expiring after between three and four years).

The Group has a £161.9 million fixed rate loan with Aviva Commercial Finance Limited, expiring in September 2028. The loan is secured over a portfolio of 20 freehold self storage centres. The annual fixed interest rate on the loan is 3.5%. The loan has an amortising element of £16.9 million which runs to April 2027.

The Group has a secured £240 million five year revolving bank facility with Lloyds, HSBC and Bank of Ireland expiring in October 2024, with a margin of 1.25%.

The Group has total facilities of £52.7 million secured on the Armadillo portfolios with Lloyds Bank plc. These facilities expire in April 2023. The Group is currently in talks to refinance these loans with a new debt provider.

The Group has a £120 million loan with M&G Investments Limited, with a bullet repayment in June 2023. The loan is secured over a portfolio of 15 freehold self storage centres. The Group intends to refinance this loan this summer.

The movement in the Group's loans are shown net in the cash flow statement as the bank loan is a revolving facility and is repaid and redrawn each month.

The Group was in compliance with its banking covenants at 31 March 2022 and throughout the year. The principal covenants are summarised in the table below:

Covenant	Covenant level	At 31 March 2022
Consolidated EBITDA	Minimum 1.5x	11.1x
Consolidated net tangible assets	Minimum £250m	£2,184.4m
Bank loan interest cover	Minimum 1.75x	22.1x
Aviva loan interest service cover ratio	Minimum 1.5x	5.3x
Aviva loan debt service cover ratio	Minimum 1.2x	2.8x
M&G interest cover	Minimum 1.5x	8.8x

Interest rate profile of financial liabilities

	Total £000	Floating rate £000	Fixed rate £000	Weighted average interest rate	Period for which the rate is fixed	Weighted average period until maturity
At 31 March 2022						
Gross financial liabilities	420,435	197,150	223,285	3.1%	4.6 years	3.4 years
At 31 March 2021						
Gross financial liabilities	337,300	157,500	179,800	2.6%	4.6 years	4.0 years

All monetary liabilities, including short-term receivables and payables are denominated in sterling. The weighted average interest rate includes the effect of the Group's interest rate derivatives. The Directors have concluded that the carrying value of borrowings approximates to its fair value.

All applicable borrowings were transitioned to SONIA during the year.

Narrative disclosures on the Group's policy for financial instruments are included within the Strategic Report and in note 18.

20. Deferred tax

Deferred tax assets in respect of IFRS 2 £0.1 million (2021: £0.1 million), corporation tax losses £6.5 million (2021: £4.9 million), capital allowances in excess of depreciation £0.3 million (2021: £0.2 million) and capital losses £2.1 million (2021: £1.6 million) in respect of the non-REIT taxable business have not been recognised as it is not considered probable that sufficient taxable profits will arise in the relevant taxable entity.

21. Obligations under lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2022 £000	2021 £000	2022 £000	2021 £000
Amounts payable under lease liabilities:				
Within one year	1,989	1,780	1,958	1,751
Within two to five years inclusive	7,421	7,047	6,651	6,208
Greater than five years	22,765	18,274	12,067	9,969
	32,175	27,101	20,676	17,928
Less: future finance charges	(11,499)	(9,173)		
Present value of lease liabilities	20,676	17,928		

All obligations under lease liabilities are denominated in sterling. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The carrying amount of the Group's lease obligations approximates their fair value.

22. Share capital

	Called up, allotted, and fully paid	
	2022 £000	2021 £000
Ordinary shares of 10 pence each	18,397	17,588
Movement in issued share capital		
Number of shares at 31 March 2020		167,138,527
Issue of shares – placing		8,335,043
Exercise of share options – Share option schemes		406,900
Number of shares at 31 March 2021		175,880,470
Issue of shares – placing		7,751,938
Exercise of share options – Share option schemes		334,970
Number of shares at 31 March 2022		183,967,378

The Company has one class of ordinary shares which carry no right to fixed income.

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Year ended 31 March 2022

22. Share capital (continued)

At 31 March 2021 options in issue to Directors and employees were as follows:

Date option Granted	Option price per ordinary share	Date first exercisable	Date on which the exercise period expires	Number of ordinary shares 2022	Number of ordinary shares 2021
29 July 2014	nil p**	29 July 2017	29 July 2024	830	830
21 July 2015	nil p**	21 July 2018	21 July 2025	1,989	16,268
22 July 2016	nil p**	22 July 2019	21 July 2026	2,944	30,703
2 August 2017	nil p**	2 August 2020	2 August 2027	5,809	68,034
13 March 2018	675.4p*	1 April 2021	1 April 2022	1,599	87,000
24 July 2018	nil p**	24 July 2021	24 July 2028	96,002	334,201
11 March 2019	749.9p*	1 April 2022	1 April 2023	46,996	48,124
19 July 2019	nil p**	19 July 2022	19 July 2029	353,920	362,730
2 March 2020	947.0p	1 April 2023	1 April 2024	48,241	51,889
5 August 2020	nil p**	5 August 2023	5 August 2030	398,146	410,767
1 March 2021	903.2p*	1 April 2024	1 April 2025	86,670	94,695
22 July 2021	nil p**	22 July 2024	22 July 2031	319,922	–
				1,363,068	1,505,241

* SAYE [see note 23] ** LTIP [see note 23]

Own shares

The own shares reserve represents the cost of shares in Big Yellow Group PLC purchased in the market and held by the Big Yellow Group PLC Employee Benefit Trust, along with shares issued directly to the Employee Benefit Trust. 1,122,907 shares are held in the Employee Benefit Trust (2021: 1,122,907), and no shares are held in treasury.

23. Share-based payments

The Company has three equity share-based payment arrangements, namely an LTIP scheme (with approved and unapproved components), an Employee Share Save Scheme ("SAYE") and a Deferred Bonus Plan. The Group recognised a total expense in the year related to equity-settled share-based payment transactions of £3,390,000 (2021: £2,869,000).

Equity-settled share option plans

Since 2004 the Group has operated an Employee Share Save Scheme ("SAYE") which allows any employee who has more than six months service to purchase shares at a 20% discount to the average quoted market price of the Group shares at the date of grant. The associated savings contracts are three years at which point the employee can exercise their option to purchase the shares or take the amount saved, including interest, in cash. The scheme is administered by Yorkshire Building Society.

On an annual basis since 2004 the Group awarded nil-paid options to senior management under the Group's Long Term Incentive Plan ("LTIP"). The awards are conditional on the achievement of challenging performance targets as described on page 105 of the Remuneration Report. The awards granted in 2004, 2005 and 2006 vested in full. The awards granted in 2007 and 2009 lapsed, and the awards granted in 2008 and 2010 partially vested. The awards granted in 2011, 2012, 2013, 2014, 2015 and 2016 fully vested. The award granted in 2017 vested to 83.6% of its potential, and the award granted in 2018 vested to 62% of its potential. The weighted average share price at the date of exercise for options exercised in the year was £14.84 (2021: £10.64).

23. Share-based payments (continued)

LTIP scheme	2022 No. of options	2021 No. of options
Outstanding at beginning of year	1,223,533	1,172,726
Granted during the year	382,433	508,878
Lapsed during the year	(176,404)	(98,071)
Exercised during the year	(250,000)	(360,000)
Outstanding at the end of the year	1,179,562	1,223,533
Exercisable at the end of the year	124,901	131,787

The weighted average fair value of options granted during the year was £1,742,000 (2021: £1,512,000).

Participants pay the nominal value of the shares when exercising options under the LTIP scheme.

Options outstanding at 31 March 2022 had a weighted average contractual life of 8.1 years (2021: 8.1 years).

Employee Share Save Scheme ("SAYE")	2022 No. of options	2022 Weighted average exercise price [£]	2021 No. of options	2021 Weighted average exercise price [£]
Outstanding at beginning of year	281,708	8.15	240,572	7.32
Granted during the year	–	–	94,695	9.03
Forfeited during the year	(13,232)	8.92	(6,659)	7.40
Exercised during the year	(84,970)	6.76	(46,900)	5.80
Outstanding at the end of the year	183,506	8.75	281,708	8.15
Exercisable at the end of the year	1,599	6.76	–	–

Options outstanding at 31 March 2022 had a weighted average contractual life of 1.6 years (2021: 2.0 years).

The inputs into the Black-Scholes model for the options granted during the year are as follows:

	LTIP	SAYE
Expected volatility	n/a	27%
Expected life	3 years	3 years
Risk-free rate	0.04%	0.04%
Expected dividends	2.6%	2.9%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the year prior to grant.

Deferred bonus plan

The Executive Directors receive awards under the Deferred Bonus Plan. This is accounted for as an equity instrument. The plan was set up in July 2018. The vesting criteria and scheme mechanics are set out in the Remuneration Report.

24. Capital commitments

At 31 March 2022 the Group had £20.9 million of amounts contracted but not provided in respect of the Group's properties (2021: £17.3 million of capital commitments).

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25. Events after the balance sheet date

On 20 May 2022, the Group exchanged contracts to sell its industrial warehouse scheme adjacent to its new Harrow store for gross sales proceeds of £61 million. Completion of the sale is conditional, inter alia, on practical completion of the development, and is expected to occur in August of this year.

26. Cash flow notes

a) Reconciliation of profit after tax to cash generated from operations

	Note	2022 £000	2021 £000
Profit after tax		697,274	265,186
Taxation		1,602	636
Share of profit of associates		(3,677)	(3,148)
Investment income		(1,412)	(69)
Finance costs		10,604	8,165
Operating profit		704,391	270,770
Gain on the revaluation of investment properties	14a, 15	(597,224)	(189,277)
Gain on disposal of investment property		(584)	–
Depreciation of plant, equipment, and owner-occupied property	14b	857	803
Depreciation of lease liability capital obligations	14a, 14b	1,659	1,290
Employee share options	6	3,390	2,869
Cash generated from operations pre working capital movements		112,489	86,455
(Increase)/decrease in inventories		(71)	46
Decrease in receivables		1,550	841
Increase/(decrease) in payables		6,422	(211)
Cash generated from operations		120,390	87,131

b) Reconciliation of net cash flow movement to net debt

	Note	2022 £000	2021 £000
Net decrease in cash and cash equivalents in the year		(3,717)	(39,096)
Cash flow from (increase)/decrease in debt financing		(83,135)	64,728
Change in net debt resulting from cash flows		(86,852)	25,632
Movement in net debt in the year		(86,852)	25,632
Net debt at the start of the year		(324,978)	(350,610)
Net debt at the end of the year	18A	(411,830)	(324,978)

27. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Armadillo

As described in note 14, the Group had a 20% interest in Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited. The Group acquired the remaining interest in both companies that it did not own on 1 July 2021. From this date, the Companies were wholly owned subsidiaries of the Group and hence the transactions subsequent to that date are not disclosable. Up to the date of acquisition, the Group entered into transactions with the Companies on normal commercial terms as shown in the table below:

	31 March 2022 £000	31 March 2021 £000
Fees earned from Armadillo 1	238	977
Fees earned from Armadillo 2	87	376
Balance due from Armadillo 1	–	67
Balance due from Armadillo 2	–	27

Directors' Remuneration

The remuneration of the Executive and Non-Executive Directors, who are the key management personnel of the Group, is set out below in aggregate. Further information on the remuneration of individual Directors is found in the audited part of the Remuneration Report on pages 106 to 113.

	31 March 2022 £000	31 March 2021 £000
Short term employee benefits	1,923	1,923
Post-employment benefits	87	140
Share-based payments	2,813	2,800
	4,823	4,863

AnyJunk Limited

Jim Gibson is a Non-Executive Director and shareholder in AnyJunk Limited and Adrian Lee is a shareholder in AnyJunk Limited. During the year AnyJunk Limited provided waste disposal services to the Group on normal commercial terms, amounting to £10,000 (2021: £25,000).

London Children's Ballet

The Group signed a Section 106 agreement with Wandsworth Council relating to the development of our Battersea store, which required the Group to provide cultural space to Wandsworth Borough Council. During the year the Group granted a twenty year lease over this space to London Children's Ballet at a peppercorn rent, who in turn have agreed to enter into a Social Agreement with Wandsworth Borough Council coterminous with the lease. Jim Gibson is the Chairman of Trustees of the London Children's Ballet. London Children's Ballet rent storage space from the Group on normal commercial terms, amounting to £3,000 during the year (2021: £nil).

DS Operations Centre Limited

In December 2020, the Group invested £450,000 in DS Operations Centre Limited ("DSOC"). In December 2021, the Group invested a further £138,000 in DSOC. DSOC provided alarm and CCTV monitoring services to the Group under normal commercial terms during the year, amounting to £281,000 (2021: £22,000).

Treepoints Limited

Jim Gibson is a Non-Executive Director and an investor in City Stasher Limited, which in turn has a minority investment in Treepoints Limited. Treepoints Limited provided offsetting tree planting services in respect of our online packing material sales, under normal commercial terms during the period, amounting to £3,000 (2021: £nil).

No other related party transactions took place during the years ended 31 March 2022 and 31 March 2021.

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Company Balance Sheet

Year ended 31 March 2022

	Note	2022 £000	2021 (restated) £000
Non-current assets			
Plant, equipment, and owner-occupied property	30a	1,721	1,780
Investment in subsidiary companies	30b	31,350	27,960
Amounts owed by Group undertakings	31	764,740	533,228
		797,811	562,968
Current assets			
Trade and other receivables	31	148	124
Cash and cash equivalents		1	1
		149	125
Total assets		797,960	563,093
Current liabilities			
Trade and other payables	32	(5,829)	(9,457)
Obligations under lease liabilities		(29)	(29)
		(5,858)	(9,486)
Non-current liabilities			
Derivative financial instruments		–	(59)
Obligations under lease liabilities		(69)	(95)
Bank borrowings		(98,451)	(151,874)
		(98,520)	(152,028)
Total liabilities		(104,378)	(161,514)
Net assets		693,582	401,579
Equity			
Share capital	22	18,397	17,588
Share premium account		289,923	192,218
Reserves	28	385,262	191,773
Equity shareholders' funds		693,582	401,579

For details of the restatement, please see note 29.

The Company reported a gain for the financial year ended 31 March 2022 of £258.8 million (2021: loss of £1.4 million). The financial statements were approved by the Board of Directors and authorised for issue on 23 May 2022. They were signed on its behalf by:

Jim Gibson
Director

John Trotman
Director

Company Registration No. 03625199

The accompanying notes form part of the financial statements.

Company Statement of Changes in Equity

Year ended 31 March 2022

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2021	17,588	192,218	74,950	1,795	116,047	(1,019)	401,579
Total comprehensive gain for the year	–	–	–	–	258,797	–	258,797
Issue of share capital	809	97,705	–	–	–	–	98,514
Dividend	–	–	–	–	(68,698)	–	(68,698)
Credit to equity for equity-settled share-based payments	–	–	–	–	3,390	–	3,390
At 31 March 2022	18,397	289,923	74,950	1,795	309,536	(1,019)	693,582

The Company's share capital is disclosed in note 22.

The own shares balance represents amounts held by the Employee Benefit Trust (see note 22).

Year ended 31 March 2021

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2020	16,714	112,320	74,950	1,795	173,348	(1,019)	378,108
Total comprehensive income for the year	–	–	–	–	(1,362)	–	(1,362)
Issue of share capital	874	79,898	–	–	–	–	80,772
Dividend	–	–	–	–	(58,808)	–	(58,808)
Credit to equity for equity-settled share-based payments	–	–	–	–	2,869	–	2,869
At 31 March 2021	17,588	192,218	74,950	1,795	116,047	(1,019)	401,579

The accompanying notes form part of the financial statements.

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Year ended 31 March 2022

28. Profit for the year

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the Company is not presented as part of these financial statements. The profit for the year attributable to equity shareholders dealt with in the financial statements of the Company was £258.8 million (2021: loss of £1.4 million).

29. Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for plant, equipment and owner-occupied property and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of group settled share-based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements have been prepared on the historic cost basis except that derivative financial instruments are stated at fair value. The Company's principal accounting policies are the same as those applied in the Group financial statements.

Prior year restatement

The prior year balance sheet as at 31 March 2021 has been restated. Within that balance sheet the amounts owed by group undertakings of £533,228,000 have been reclassified from being shown as a current asset to a non-current asset. This restatement is due to a misclassification in the prior year financial statements as despite being repayable on demand, there was no expectation to settle the balance within 12 months. This restatement has no impact on the profit and loss, taxation or cash flows of the parent company.

Going concern

See note 2 for the review of going concern for the Group and the Company.

Investment in subsidiaries

These are recognised at cost less provision for any impairment.

IFRIC 11, IFRS 2 Group and Treasury Share Transactions

The Company makes equity settled share-based payments to certain employees of certain subsidiary undertakings. Equity settled share-based payments that are made to the employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest. This is the only addition to investment in subsidiaries in the current year.

30. Non-current assets

a) Plant, equipment, and owner-occupied property

	Freehold property £000	Leasehold improvements £000	Fixtures, fittings & office equipment £000	IFRS 16 leases £000	Total £000
Cost					
At 31 March 2021	2,204	46	12	174	2,436
Additions	8	–	6	–	14
Retirement of fully depreciated assets	–	–	(9)	–	(9)
At 31 March 2022	2,212	46	9	174	2,441
Accumulated depreciation					
At 31 March 2021	(592)	(6)	(6)	(52)	(656)
Charge for the year	(43)	(1)	(3)	(26)	(73)
Retirement of fully depreciated assets	–	–	9	–	9
At 31 March 2022	(635)	(7)	–	(78)	(720)
Net book value					
At 31 March 2022	1,577	39	9	96	1,721
At 31 March 2021	1,612	40	6	122	1,780

b) Investments in subsidiary companies

	Investment in subsidiary undertakings £000
Cost	
At 31 March 2021	27,960
Additions	3,390
At 31 March 2022	31,350

The Directors assessed the carrying value of the investment in subsidiary undertakings for indicators of impairment. There were no indications of impairment.

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Year ended 31 March 2022

30. Non-current assets (continued)

The Group's subsidiaries are all wholly-owned, the Group holds 100% of the voting power and the companies are incorporated, registered, and operate in England and Wales. The registered office of all subsidiaries is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT. All subsidiaries are included in the consolidated accounts. The subsidiaries at 31 March 2022 are listed below:

Name of subsidiary	Principal activity
1st Storage Centres Limited	Dormant
Apollo Self Storage Limited	Self storage
Armadillo Self Storage Limited	Self storage
Armadillo Self Storage 2 Limited	Self storage
Armadillo Storage Holding Company Limited	Holding Company
Armadillo Storage Holding Company 2 Limited	Holding Company
Armadillo Storage One Limited	Holding Company
.Big Yellow Self Storage (GP) Limited	General Partner
.Big Yellow Self Storage Company Limited	Self storage
Big Yellow (Battersea) Limited	Self storage
The Big Yellow Construction Company Limited	Construction management
The Big Yellow Holding Company Limited	Holding Company
Big Yellow Limited Partnership	Self storage
Big Yellow Nominee No. 1 Limited	Dormant
Big Yellow Nominee No. 2 Limited	Dormant
Big Yellow Self Storage Company 1 Limited	Dormant
Big Yellow Self Storage Company 2 Limited	Dormant
Big Yellow Self Storage Company 3 Limited	Dormant
Big Yellow Self Storage Company 4 Limited	Dormant
Big Yellow Self Storage Company 8 Limited	Self storage
Big Yellow Self Storage Company A Limited	Self storage
Big Yellow Self Storage Company M Limited	Self storage
Big Yellow (Wapping 2) Limited	Self storage
BYRCo Limited	Property management
BYSSCo A Limited	Dormant
BYSSCo Limited	Self storage
Kator Storage Limited	Self storage
The Last Mile Company Limited	Holding Company
Patrick Corporate Investment Limited	Dormant
Quickstore Storage Limited	Self storage

In addition, the Group has a 100% interest in Pirbright Holdings Limited, a company registered in the British Virgin Islands. The company was acquired during the year, and is now dormant.

In addition, the Group has a 100% interest in Pramerica Bell Investment Trust Jersey, a trust registered in Jersey.

30. Non-current assets (continued)

Audit exemption statement

For its most recent year end the companies listed below were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members of these companies have not required them to obtain an audit of their financial statements for the year ended 31 March 2022.

Name of subsidiary	
Apollo Self Storage Limited	Big Yellow Self Storage Company 1 Limited
Armadillo Self Storage Limited	Big Yellow Self Storage Company 2 Limited
Armadillo Self Storage 2 Limited	Big Yellow Self Storage Company 3 Limited
Armadillo Storage Holding Company Limited	Big Yellow Self Storage Company 4 Limited
Armadillo Storage Holding Company 2 Limited	Big Yellow Self Storage Company 8 Limited
Armadillo Storage One Limited	Big Yellow (Wapping 2) Limited
.Big Yellow Self Storage (GP) Limited	BYRCo Limited
Big Yellow (Battersea) Limited	BYSSCo Limited
The Big Yellow Construction Company Limited	BYSSCo A Limited
Big Yellow Holding Company Limited	Kator Storage Limited
Big Yellow Limited Partnership	The Last Mile Company Limited
Big Yellow Nominee No. 1 Limited	Quickstore Storage Limited
Big Yellow Nominee No. 2 Limited	

31. Trade and other receivables

	31 March 2022 £000	31 March 2021 (Restated) £000
Non-current		
Amounts owed by Group undertakings	764,740	533,228
Current		
Prepayments and accrued income	148	124

For details of restatement, please see note 29.

Amounts owed by Group undertakings are unsecured. The Company recharges its external interest cost to its subsidiaries. Amounts owed by Group undertakings have historically had immaterial levels of bad debt and consequently the Company has not recognised any impairment provision against them.

32. Trade and other payables

	31 March 2022 £000	31 March 2021 £000
Current (all due within one year)		
Other payables	5,530	9,245
Accruals and deferred income	299	212
	5,829	9,457

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33. Glossary

Adjusted earnings growth	The increase in adjusted eps year-on-year.
Adjusted eps	Adjusted profit after tax divided by the diluted weighted average number of shares in issue during the financial year.
Adjusted NAV	EPRA NTA adjusted for an investment property valuation carried out at purchasers' costs of 2.75%, see note 13.
Adjusted Profit Before Tax	The Company's pre-tax EPRA earnings measure with additional Company adjustments, see note 10.
Average net achieved rent per sq ft	Storage revenue divided by average occupied space over the financial year.
Average rental growth	The growth in average net achieved rent per sq ft year-on-year.
BREEAM	An environmental rating assessed under the Building Research Establishment's Environmental Assessment Method.
Carbon intensity	Carbon emissions divided by the Group's average occupied space.
Closing net rent per sq ft	Annual storage revenue generated from in-place customers divided by occupied space at the balance sheet date.
Committed facilities	Available undrawn debt facilities plus cash and cash equivalents.
Debt	Long-term and short-term borrowings, as detailed in note 19, excluding lease liabilities and debt issue costs.
Earnings per share (eps)	Profit for the financial year attributable to equity shareholders divided by the average number of shares in issue during the financial year.
EBITDA	Earnings before interest, tax, depreciation, and amortisation.
EPRA	The European Public Real Estate Association, a real estate industry body. This organisation has issued Best Practice Recommendations with the intention of improving the transparency, comparability, and relevance of the published results of listed real estate companies in Europe.
EPRA earnings	The IFRS profit after taxation attributable to shareholders of the Company excluding investment property revaluations, gains/losses on investment property disposals and changes in the fair value of financial instruments.
EPRA earnings per share	EPRA earnings divided by the average number of shares in issue during the financial year, see note 12.
EPRA NTA per share	EPRA NTA divided by the diluted number of shares at the year end.
EPRA net tangible asset value (EPRA NTA)	IFRS net assets excluding the mark-to-market on interest rate derivatives, deferred taxation on property valuations where it arises, and intangible assets. It is adjusted for the dilutive impact of share options.
Equity	All capital and reserves of the Group attributable to equity holders of the Company.
Gross property assets	The sum of investment property and investment property under construction.
Gross value added	The measure of the value of goods and services produced in an area, industry, or sector of an economy.
Interest cover	The ratio of operating cash flow divided by interest paid (before exceptional finance costs, capitalised interest, and changes in fair value of interest rate derivatives). This metric is provided to give readers a clear view of the Group's financial position.
Like-for-like occupancy	Excludes the closing occupancy of new stores acquired, opened, or closed in the current financial year in both the current financial year and comparative figures. In 2022 this excludes Camberwell, Bracknell, Battersea, Uxbridge, Hayes, Hove and the Armadillo stores.
Like-for-like revenue	Excludes the impact of new stores acquired, opened or stores closed in the current or preceding financial year in both the current year and comparative figures. In 2022 this excludes Camberwell, Bracknell, Battersea, Uxbridge, Hayes, Hove and the Armadillo stores.

33. Glossary (continued)

LTV (loan to value)	Net debt expressed as a percentage of the external valuation of the Group's investment properties.
Maximum lettable area (MLA)	The total square foot (sq ft) available to rent to customers.
Move-ins	The number of customers taking a storage room in the defined period.
Move-outs	The number of customers vacating a storage room in the defined period.
NAV	Net asset value.
Net debt	Gross borrowings less cash and cash equivalents.
Net initial yield	The forthcoming year's net operating income expressed as a percentage of capital value, after adding notional purchaser's costs.
Net operating income on stabilisation	The projected net operating income delivered by a store when it reaches a stable level of occupancy.
Net promoter score (NPS)	The Net Promoter Score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. The Company measures NPS based on surveys sent to all its move-ins and move-outs.
Net rent per sq ft	Storage revenue generated from in place customers divided by occupancy.
Occupancy	The space occupied by customers divided by the MLA expressed as a %.
Occupied space	The space occupied by customers in sq ft.
Other storage related income	Packing materials, insurance, and other storage related fees.
Pipeline	The Group's development sites.
Property Income Distribution (PID)	A dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax-exempt property rental business, and which is taxable for UK-resident shareholders at their marginal tax rate.
REGO	Renewable Energy Guarantees of Origin
REIT	Real Estate Investment Trust. A tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain conditions.
REVPAF	Total store revenue divided by the average maximum lettable area in the period.
Store EBITDA	Store earnings before interest, tax, depreciation, and amortisation, see reconciliation in the portfolio summary.
TCFD	Task Force on Climate Related Financial Disclosure
Total shareholder return (TSR)	The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional units of shares.

Financial Statements

Ten Year Summary

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000
Results										
Revenue	171,318	135,241	129,313	125,414	116,660	109,070	101,382	84,276	72,196	69,671
Operating profit before gains and losses on property assets	106,583	81,493	79,978	76,662	70,921	65,316	59,854	48,420	39,537	37,454
Cash flow from operating activities	107,137	76,712	73,615	72,173	62,977	55,974	55,467	42,397	32,752	30,186
Profit before taxation	698,876	265,822	93,447	126,855	134,139	99,783	112,246	105,236	59,848	31,876
Adjusted profit before taxation	96,802	74,625	70,998	67,465	61,422	54,641	48,952	39,405	29,221	25,471
Net assets	2,184,375	1,453,895	1,163,876	1,123,897	981,148	890,350	829,387	750,914	594,064	552,628
Diluted EPRA earnings per share	52.5p	42.4p	42.1p	41.4p	38.5p	34.5p	31.1p	27.1p	20.5p	19.3p
Declared total dividend per share	42.0p	34.0p	33.8p	33.2p	30.8p	27.6p	24.9p	21.7p	16.4p	11.0p
Key statistics										
Number of stores open**	105	78	75	74	74	73	71	69	66	66
Sq ft occupied (000)**	5,107	4,201	3,781	3,810	3,730	3,551	3,363	3,178	2,832	2,632
Occupancy increase/ (decrease) in year (000 sq ft)*	906	420	(29)	80	179	188	185	346	200	174
Closing net rent per sq ft**	£29.92	£28.71	£28.15	£27.28	£26.74	£26.03	£25.90	£25.23	£24.85	£24.65
Number of occupied rooms**	73,000	62,000	56,500	56,000	55,000	52,500	50,000	47,250	41,800	38,500
Average number of employees during the year**	427	370	361	347	335	329	318	300	289	286

* – the occupancy growth in 2015, 2017 and 2022 includes the acquisition of existing stores

** – from 2022 this includes the Armadillo stores, which the Group acquired the remaining 80% of which it did not previously own on 1 July 2021

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