

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

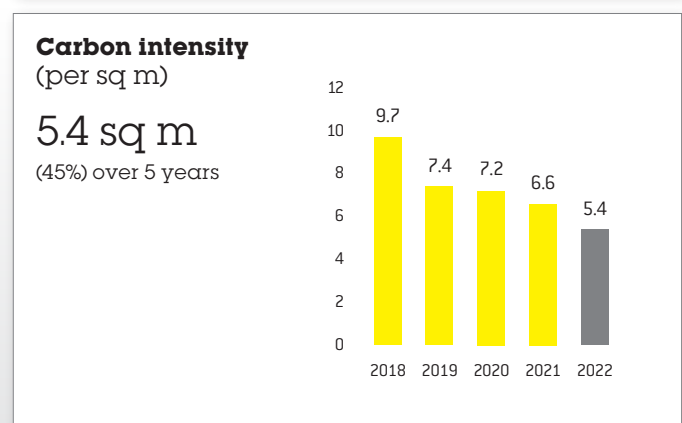
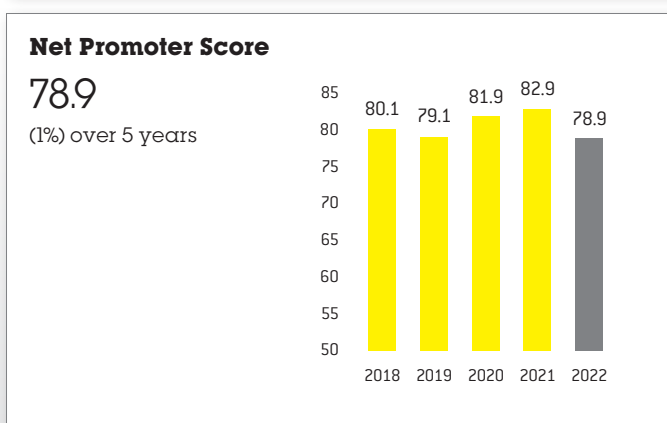
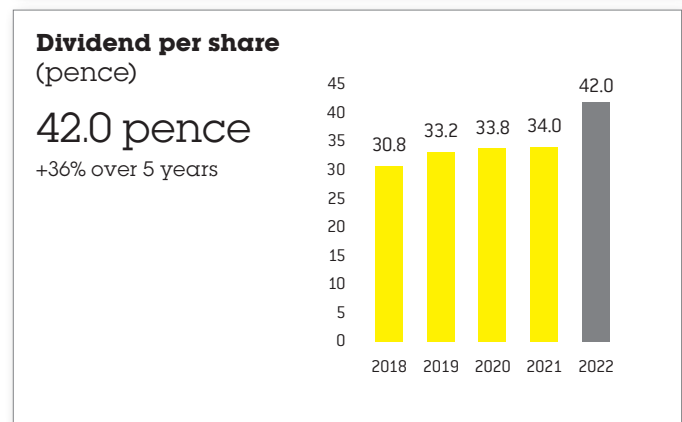
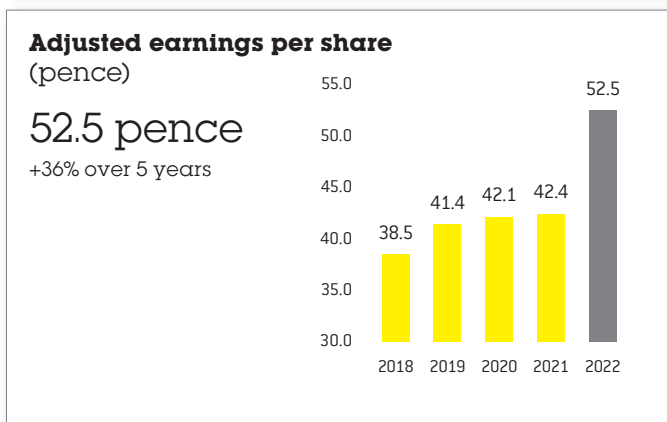
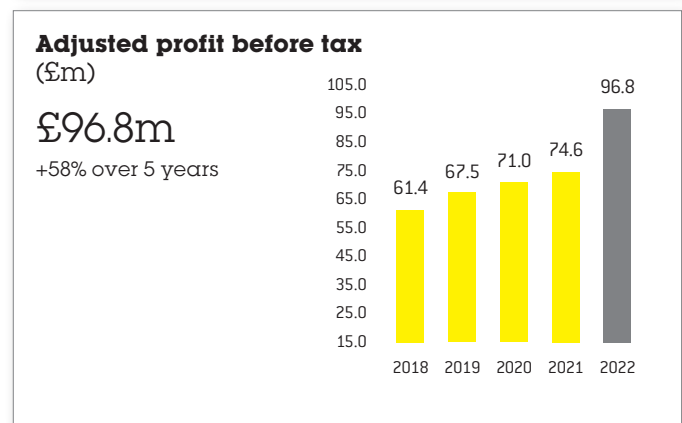
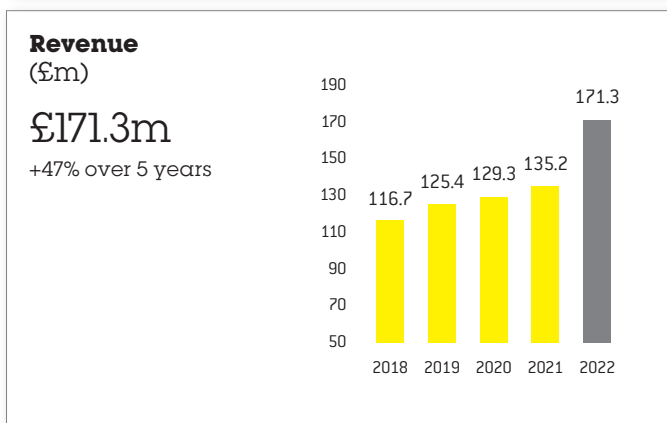
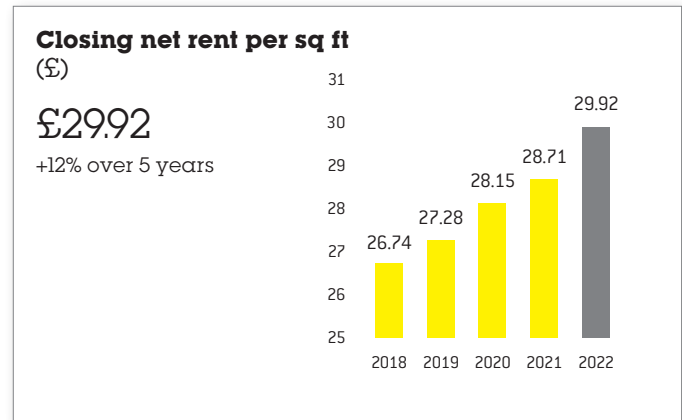
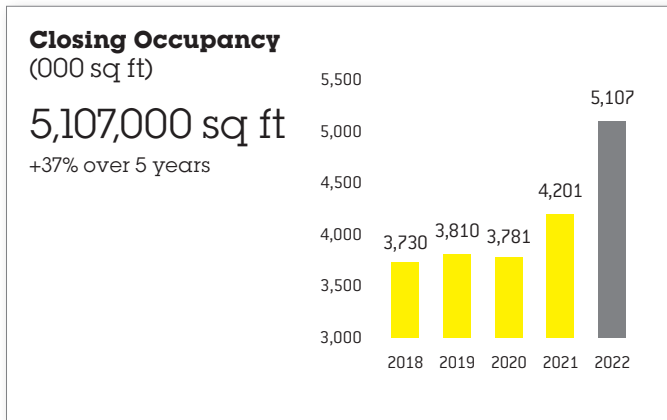
Over the course of the past five years, both occupancy and revenue have grown significantly, with Armadillo included in our consolidated results from 1 July 2021. We saw particularly strong growth in 2021 and 2022, after a weaker 2020 following the Brexit uncertainty and the initial impact of the UK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

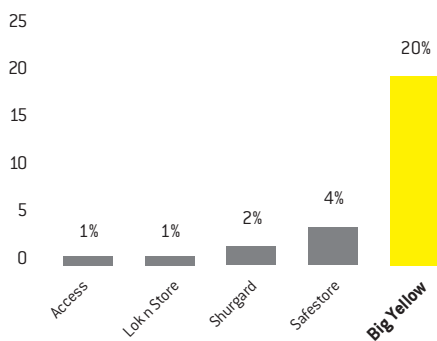


Digital display advertising enables us to regionally target audiences in the market for self storage, raising consideration of the service and the Big Yellow brand through engaging creatives.

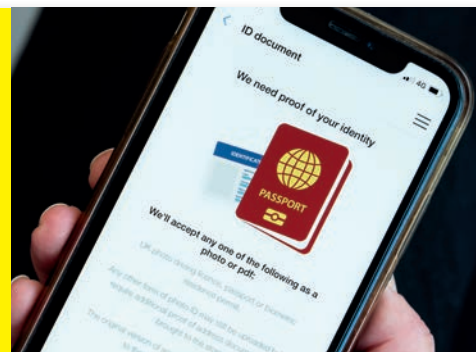
Online customer reviews and social media

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)	(772)
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.

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

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.

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

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:

https://corporate.bigyellow.co.uk/application/files/9616/5235/3338/Managing_Climate_Related_Risks_and_Opportunities_2022.pdf



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

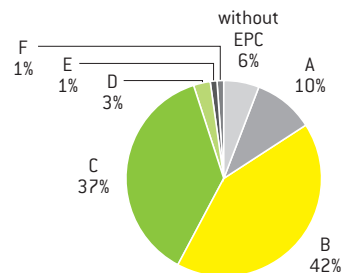
We have set out our full pathway for all Scope 1, 2 and 3 Emissions by 2032 in our Net Renewable Energy Positive (“NREP”) Strategy and Net Zero Emissions Strategy.

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.

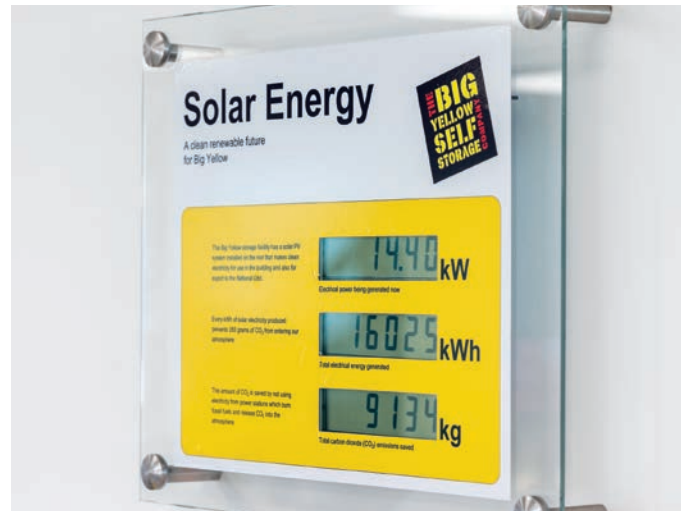
The outcome of operating responsibly is the social value that we create and the long-term resilience of our business when faced with external pressures and changes, such as a changing climate and a changing political and legislative environment.

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

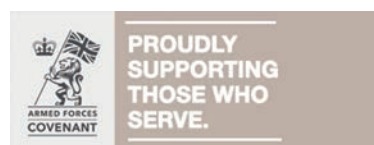
Our people are at the heart of Big Yellow's business, bringing our values to life through the service they provide and through the energy and passion that drives us to become an ever more responsible and sustainable business.

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*
AIRR 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)

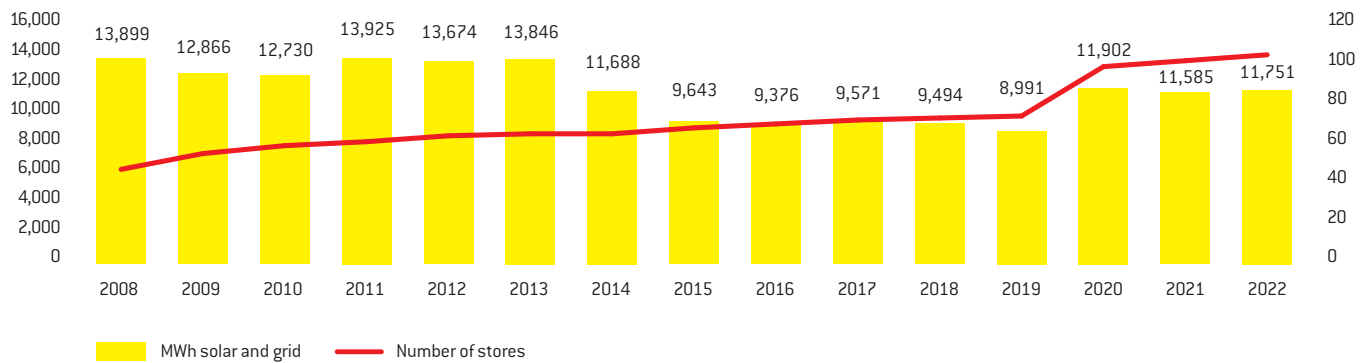
8.2 Energy

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.

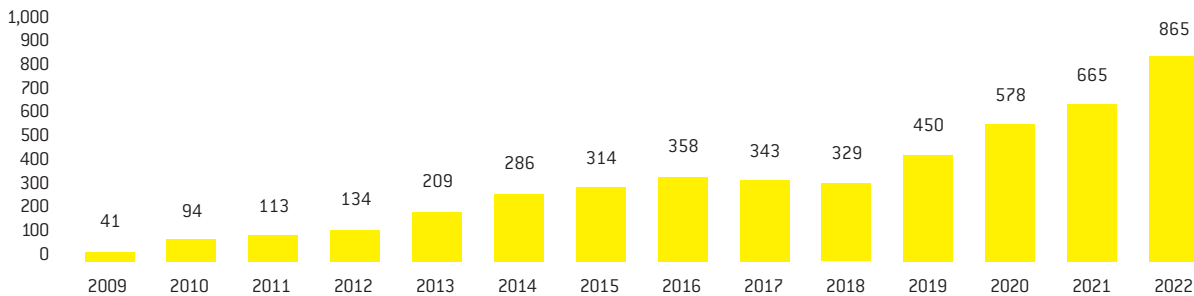
Some of our stores rent out roof space to a company that installs and operates telecoms mast. The telecom masts are powered via our stores' electricity supply, increasing the total store energy consumption. This additional energy became a material percentage of our emissions during 2018/19 and, as the 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.

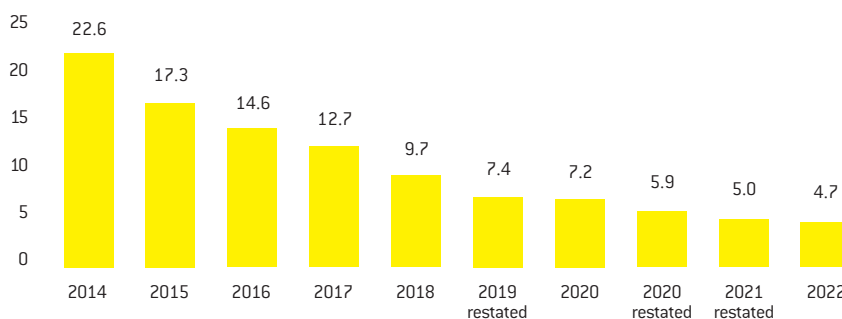


Scope 1 and 2 GHG Emission Intensity / Occupancy, Revenue & CLA (GHG-Int)

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

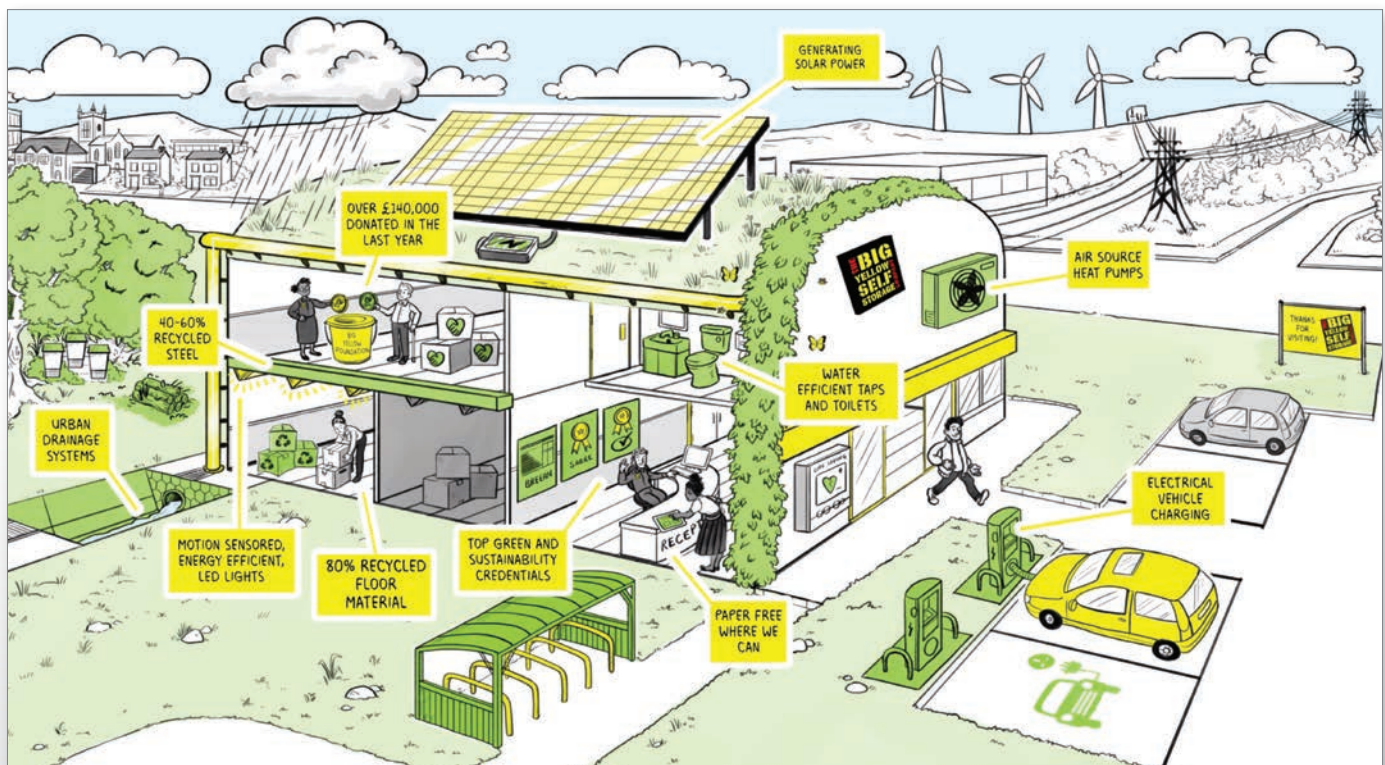
There are a number of measures we can use to demonstrate that at Big Yellow environmental considerations are part of how we operate. The overwhelming majority of our stores are in the green banding for energy efficiency and several of our stores have other features, such as solar PV and green roofs or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