

Independent Auditor's Report to the Members of Big Yellow Group PLC



1. Our opinion is unmodified

We have audited the financial statements of Big Yellow Group PLC ("the Company") for the year ended 31 March 2023 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 2 and 29.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) "ISAs (UK)" and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 20 July 2017. The period of total uninterrupted engagement is for the six financial years ended 31 March 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality:	£20.3m (2022:£19.8m)
group financial statements as a whole	0.74% (2022: 0.74%) of Total Assets
Coverage	100% (2022: 99%) of Total Assets
Key audit matters	vs 2022
Recurring risks	Valuation of Investment Property, including Investment Property Under Construction ▲
	Parent Company: Recoverability of amounts owed by group undertakings ◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2022), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

The Risk	Our response
<p>Valuation of Investment Property, including Investment Property under Construction</p> <p>Investment Property £2,449.6 million; (2022: £2,342.2 million)</p> <p>Investment Property Under Construction £260.7 million; (2022: £285.4 million)</p> <p>Refer to page 118 (Audit Committee Report), page 143 (accounting policy) and pages 151 to 156 (financial disclosures).</p>	<p>Subjective valuation:</p> <p>Investment property valuation is subjective and inherently judgemental in nature and therefore results in a risk of error and fraud. We considered in our risk assessment that there was an increased risk compared to the prior year as a result of the macroeconomic environment which could impact the inputs into the valuations, particularly on Investment Property Under Construction.</p> <p>Investment property fair values are calculated using actual and subjective assumptions inputs such as store occupancy, future growth in net rent, discount rates and exit capitalisation rates. For investment property under construction additional estimates include expected costs to complete, allowances for development risk and the risk of not obtaining planning permission for non-consented sites.</p> <p>The Group employs an external valuer to apply professional judgement concerning market conditions and factors impacting individual properties.</p> <p>The investment market for prime self storage is subject to market uncertainty due to the low volume of comparable transactions.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investment properties including investment property under construction has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p> <p>Disclosure quality:</p> <p>The financial statements (note 15) disclose the sensitivity estimated by the Group.</p> <p>The Directors' assessment of the extent of the disclosure is based on an evaluation of the inherent risks to the valuation.</p> <p>The risk for our audit is whether or not those disclosures adequately address the uncertainties within the valuation.</p>
	<p>Our procedures included:</p> <ul style="list-style-type: none"> – Assessment of accounting policy application: We assessed whether the valuation, presentation and disclosure of Investment Properties and Investment Property under Construction is in accordance with the Group accounting policy and IAS 40 Investment Property. – Assessing valuer credentials: We assessed the external valuer qualifications and expertise and read its terms of engagement with the Group to determine whether there were any matters that might have affected their independence and objectivity or may have imposed scope limitations upon their work. – Methodology choice: We read the external valuation report which covers 100% of the investment properties (including those under construction) and assessed whether the valuation approach was in accordance with RICS standards and suitable for use in determining the value for the purpose of the financial statements. – Personnel interview: We met with the external valuer, the Group's senior management and the audit committee chair with our own internal valuation specialists to discuss the valuation process, key assumption inputs such as occupancy, capital expenditure forecasts for investment property under construction and discount rates, and the rationale behind significant or unusual valuation movements during the year. – Our sector experience: We used our knowledge of the entity, our experience of the real estate industry and observed industry norms when assessing the key assumptions and the significant or unusual valuation movements and, for investment property under construction, we considered the judgement made by the Directors and external valuers for planning risk for non-consented sites. – Data provided to the valuer: We performed property visits and tested the current and historical accuracy of information used to generate key inputs to the valuation such as maximum lettable area, store occupancy and net rental income by physically inspecting a sample of storage units and inspecting a sample of customer storage licence agreements. – Independent re-performance: Using our own internally produced model and the external valuer and Directors' inputs we assessed the accuracy of the valuation as produced by the external valuer. – Tests of detail: For investment property under construction we compared the historical accuracy of management's forecast construction costs to actual spend on similar construction projects in the past three years. We checked that supporting information for construction contracts and budgets such as original construction cost reports, which was also supplied to the valuer, was consistent with the Group's records. We assessed whether externally available pricing and inflation data inclusive of allowance for risk in development valuations were appropriately factored into the costs to complete forecast provided to the valuer. We also obtained evidence that planning permission had been granted for those development sites for which this was applicable.

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The Risk	Our response
<p>Recoverability of amounts owed by Group undertakings (Parent Company only)</p> <p>£800.4million; (2022: £764.7million)</p> <p>Refer to page 144 (accounting policy) and page 176 (financial disclosures).</p>	<p>Assessing transparency: We assessed whether the Group's disclosures about the sensitivity of the valuation of investment properties to changes in key assumptions adequately reflected the related risks.</p> <p>We performed the detailed tests above rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls.</p> <p>Our results</p> <p>We found the valuation of investment properties, and investment properties under construction and the disclosure of the associated level of uncertainty to be acceptable (2022 result: acceptable).</p> <hr/> <p>We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <p>Tests of detail: We assessed 100% of Group debtors to identify, with reference to the relevant debtors' draft balance sheets, whether they have a positive net asset value and therefore coverage of the debt owed, as well as assessing whether those debtor companies have historically been profit-making.</p> <p>Our results</p> <p>We found the conclusion that there is no impairment of the Group debtor balances to be acceptable (2022: acceptable).</p>
<p>Low risk, high value:</p> <p>The carrying amount of the intra-group debtor balance represents 96% (2022: 96%) of the Company's total assets at 31 March 2023.</p> <p>Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.</p>	

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £20.3million (2022: £19.8million), determined with reference to a benchmark of total assets of which it represents 0.74% (2022: 0.74%).

In addition, we applied materiality of £4.9million (2022: £4.4million) to all balances and classes of transactions impacting adjusted profit before tax of £106.0million (2022: £98.8million) (as reconciled to profit before tax in note 10 of the financial statements) for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the Company's members' assessment of the financial performance of the Group.

Materiality for the parent Company financial statements as a whole was set at £8.8million (2022: £11.9million), determined with reference to a benchmark of Company total assets, of which it represents 1% (2022: 1.5%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £15.2million (2022: £14.8million) for the Group, £3.6million (2022: £3.5million) for balances audited to the lower materiality and £6.6million (2022: £8.9million) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

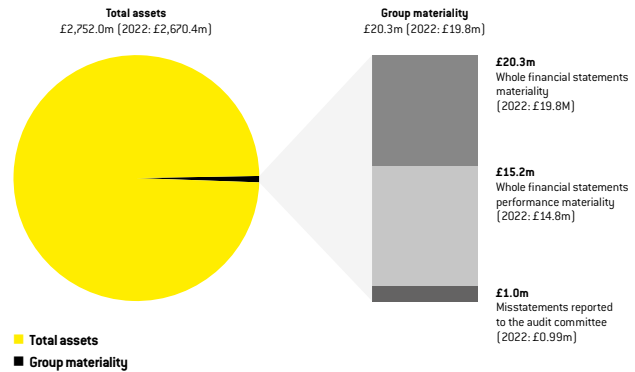
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1.0million (2022: £0.99million) and those exceeding £245k (2022: £230k) for those impacting adjusted profit, in addition to other identified misstatements that warranted reporting on qualitative grounds.

For the current year the Group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality and performance materiality levels set out above.

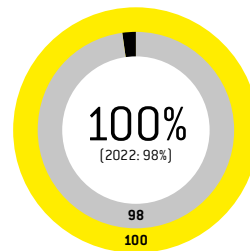
For 2022 of the Group's 30 reporting components, we subjected 7 to full scope audits for group purposes and 2 to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. The components within the scope of our work accounted for the percentages illustrated opposite. The remaining 2% of total group revenue, 3% of group profit before tax and 1% of total group assets was represented by 21 reporting components, none of which individually represented more than 1% of any of total Group revenue, Group profit before tax or total Group assets. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these. The work on all the components,

including the audit of the parent Company, was performed by the Group team. The Group team used component materialities, which ranged from £6.9million to £14.85million, having regard to the mix of size and risk profile of the Group across the components.

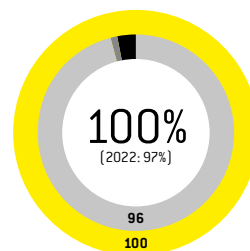
The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.



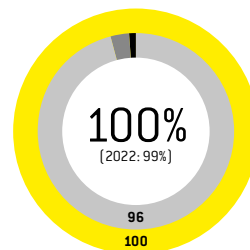
Group revenue



Group profit before tax



Group total assets



- Full scope audit performed at Group level for 2023
- Specified risk-focused audit procedures 2022
- Full scope for group audit purposes 2022
- Residual components 2022

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4. The impact of climate change on our audit

In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business and its financial statements. Further information is provided in the Group's strategic report (pages 49 to 54), the environment social and governance report (pages 56 to 72) and the corporate governance report (pages 81 to 87) which have been incorporated into the 2023 Annual Report.

As part of our audit we performed a risk assessment of the impact of climate change risk on the Group's financial statements and our audit approach. In doing this we performed the following:

- **Understanding management's processes:** we made enquiries to understand management's assessment of the potential impact of climate change risk on the Group's Annual Report and financial statements and the Group's preparedness for this. As a part of this we made enquiries to understand management's risk assessment process as it relates to possible effects of climate change on the Annual Report and financial statements.
- **Annual report narrative:** We made enquiries of management to understand the process by which climate related narrative is developed including the primary sources of data used and the governance process in place over the narrative. As a part of our risk assessment, we read the climate related information in the front half of the Annual Report and considered consistency with the financial statements and our audit knowledge.

On the basis of the procedures performed above, we concluded that the risk of climate change was not significant when we considered the nature of the assets. As a result, there was no material impact from this on our key audit matters

5. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the parent Company or to cease their operations, and as they have concluded that the Group's and the parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least 18 months from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic and geopolitical environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and parent Company's available financial resources and metrics relevant to debt covenants over this period were:

- Increase in SONIA rates, increasing Group interest rates.
- The impact of macro economic trends on property valuations and revenue.

We considered whether these risks could plausibly affect the liquidity and covenant compliance in the going concern period by assessing the Directors sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

- Critically assessing assumptions in base case and downside scenarios relevant to covenant metrics, in particular in relation to customer performance (namely occupancy rates and net rent levels) by comparing to historical trends in severe economic situations and overlaying knowledge of the entity's trading performance to date and our knowledge of the entity and the sector in which it operates.
- We also compared past budgets to actual results to assess the Directors' track record of budgeting accurately.
- We inspected confirmations from the lender on the level of committed financing, the associated covenant requirements and restrictions on the use of funds.
- We have challenged the Directors' assessment of the refinancing of loans due for expiry within the going concern period and considered the liquidity of the Group in a severe but plausible downside should no new facilities be obtained.
- We inspected the loan agreements in order to confirm the nature of the associated covenant requirements.
- We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or parent Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the Directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2 to be acceptable; and
- the related statement under the Listing Rules set out on pages 48 to 49 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the parent Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, the audit committee, and the store compliance function and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inspecting Board and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for Directors and management including the adjusted EPS target.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of investment property and investment property under construction. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited judgemental aspects to the Group's low value, high volume revenue streams.

We also identified a fraud risk related to valuation of investment property and investment property under construction in response to the subjective and inherently judgemental nature of this area.

Further detail in respect of valuation of investment property, including investment property under construction is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identified journal entries to test based on high risk criteria and obtained and corroborated supporting documentation for the identified entries. These included those posted to the investment property and investment property under construction account, seldom used accounts, those posted by senior management and super users and unexpected cash and borrowings, revenue and expense pairings.
- Evaluated the business purpose of significant unusual transactions.
- Assessed significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and other management (as required by auditing standards), and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, Real Estate Investment Trust (REIT) legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent Auditor's Report to the Members of Big Yellow Group PLC continued

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, data protection laws and certain aspects of company legislation recognising the financial nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on page 49 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the principal risks and uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 49 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and parent Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 125, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Jones (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

22 May 2023

Financial Statements

Consolidated Statement of Comprehensive Income

Year ended 31 March 2023

	Note	2023 £000	2022 £000
Revenue	3	188,829	171,318
Cost of sales		(54,307)	(50,383)
Gross profit		134,522	120,935
Administrative expenses		(14,519)	(14,352)
Operating profit before gains on property assets		120,003	106,583
(Loss)/gain on the revaluation of investment properties	14a,15	(29,861)	597,224
Gain on disposal of investment property		–	584
Operating profit		90,142	704,391
Other operating income	3	2,185	–
Share of profit of associates	14e	–	3,677
Investment income – interest receivable	7	9	23
– fair value movement on derivatives	7	–	1,389
Finance costs – interest payable	8	(16,894)	(10,604)
– fair value movement on derivatives	8	(133)	–
Profit before taxation		75,309	698,876
Taxation	9	(1,977)	(1,602)
Profit for the year (attributable to equity shareholders)	5	73,332	697,274
Total comprehensive income for the year (attributable to equity shareholders)		73,332	697,274
Basic earnings per share	12	40.1p	385.4p
Diluted earnings per share	12	39.8p	384.2p

EPRA earnings per share are shown in Note 12.

All items in the statement of comprehensive income relate to continuing operations.

The accompanying notes form part of the financial statements.

Consolidated Balance Sheet

31 March 2023

	Note	2023 £000	2022 £000
Non-current assets			
Investment property	14a	2,449,640	2,342,199
Investment property under construction	14a	260,720	285,400
Right-of-use assets	14a	18,148	19,174
Plant, equipment, and owner-occupied property	14b	4,003	3,857
Intangible assets	14c	1,433	1,433
Investment	14d	588	588
Derivative financial instruments	18c	–	885
		2,734,532	2,653,536
Current assets			
Derivative financial instruments	18c	316	–
Inventories		496	483
Trade and other receivables	16	8,314	7,756
Cash and cash equivalents		8,329	8,605
		17,455	16,844
Total assets		2,751,987	2,670,380
Current liabilities			
Trade and other payables	17	(57,275)	(47,349)
Borrowings	19	(3,159)	(3,008)
Obligations under lease liabilities	21	(2,020)	(1,958)
		(62,454)	(52,315)
Non-current liabilities			
Borrowings	19	(489,411)	(414,972)
Obligations under lease liabilities	21	(17,676)	(18,718)
		(507,087)	(433,690)
Total liabilities		(569,541)	(486,005)
Net assets		2,182,446	2,184,375
Equity			
Share capital	22	18,427	18,397
Share premium account		290,857	289,923
Reserves		1,873,162	1,876,055
Equity shareholders' funds		2,182,446	2,184,375

The financial statements were approved by the Board of Directors and authorised for issue on 22 May 2023. They were signed on its behalf by

Jim Gibson
Director

John Trotman
Director

Company Registration No. 03625199

The accompanying notes form part of the financial statements.

Financial Statements

Consolidated Statement of Changes in Equity

Year ended 31 March 2023

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2022	18,397	289,923	74,950	1,795	1,800,329	(1,019)	2,184,375
Total comprehensive income for the year	–	–	–	–	73,332	–	73,332
Issue of share capital	30	934	–	–	–	–	964
Dividend	–	–	–	–	(79,960)	–	(79,960)
Credit to equity for equity-settled share-based payments	–	–	–	–	3,735	–	3,735
At 31 March 2023	18,427	290,857	74,950	1,795	1,797,436	(1,019)	2,182,446

The other non-distributable reserve arose in the year ended 31 March 2015 following the placing of 14.35 million ordinary shares.

The issue of share capital is net of expenses.

Year ended 31 March 2022

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2021	17,588	192,218	74,950	1,795	1,168,363	(1,019)	1,453,895
Total comprehensive income for the year	–	–	–	–	697,274	–	697,274
Issue of share capital	809	97,705	–	–	–	–	98,514
Dividend	–	–	–	–	(68,698)	–	(68,698)
Credit to equity for equity-settled share-based payments	–	–	–	–	3,390	–	3,390
At 31 March 2022	18,397	289,923	74,950	1,795	1,800,329	(1,019)	2,184,375

The accompanying notes form part of the financial statements.

Consolidated Cash Flow Statement

Year ended 31 March 2023

	Note	2023 £000	2022 £000
Cash generated from operations	26	128,973	120,390
Bank interest paid		(16,486)	(10,763)
Interest on obligations under lease liabilities		(706)	(843)
Interest received		8	2
Loss of income insurance proceeds		2,032	–
Tax paid		(1,844)	(1,649)
Cash flows from operating activities		111,977	107,137
Investing activities			
Purchase of non-current assets		(106,413)	(105,151)
Disposal of investment property		–	584
Acquisition of Armadillo (net of cash acquired)		–	(66,679)
Investment	14d	–	(138)
Receipts from Capital Goods Scheme		182	381
Dividend received from associates	14e	–	435
Cash flows from investing activities		(106,231)	(170,568)
Financing activities			
Issue of share capital		964	98,514
Payment of lease liabilities		(1,267)	(1,384)
Equity dividends paid	11	(79,140)	(68,698)
Receipt from termination of interest rate derivatives		436	–
Loan arrangement fees paid		(1,507)	(953)
Increase in borrowings	26b	74,492	32,235
Cash flows from financing activities		(6,022)	59,714
Net decrease in cash and cash equivalents		(276)	(3,717)
Opening cash and cash equivalents		8,605	12,322
Closing cash and cash equivalents		8,329	8,605

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

Year ended 31 March 2023

1. General information

Big Yellow Group PLC is a Company incorporated in the United Kingdom under the Companies Act 2006, with registration number 03625199, and limited by shares. The address of the registered office is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT. The nature of the Group's operations and its principal activities are set out in note 4 and in the Strategic Report on pages 16 to 31.

2. Significant accounting policies

Basis of preparation of financial statements

The Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The financial statements are presented in Sterling, being the currency of the primary economic environment in which the Group operates. Unless otherwise stated, figures are rounded to the nearest thousand.

The accounting policies adopted are consistent with those of the previous financial year.

New and revised IFRSs adopted in year

The Group has applied the following new and revised IFRSs during the year:

Amendments to IFRS 3	Update to the Conceptual Framework for Financial Reporting
Amendments to IAS 16	Property, Plant and Equipment, Proceeds before Intended Use
Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets
Annual improvements – cycle 2018 – 2020	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

The impact of these standards has not been material on the financial statements of the Group.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
IFRS 17	Insurance contracts
IFRS 17 and IFRS 9	Insurance contracts and financial assets
Amendments to IAS 8	Definition of Accounting Estimate
Amendments to IFRS 16	Leases: Lease Liability in a Sale and Leaseback
IAS1 and IFRS Practice Statement 2	Disclosure of Accounting Policy
Amendments to IAS 12	Income Taxes

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

There are no other Standards or Interpretations yet to be effective that would be expected to have a material impact on the financial statements of the Group.

2. Significant accounting policies *continued*

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties and derivative financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted, which have been applied consistently to the results, other gains and losses, assets, liabilities, and cash flows of entities included in the consolidated financial statements in the current and preceding year, are set out below:

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 2023 the Group had available liquidity of approximately £32 million, from a combination of cash and undrawn bank debt facilities. The Group additionally has a \$225 million credit approved shelf facility with Pricoa Private Capital to be drawn in fixed sterling notes. The Group can draw the debt in minimum tranches of £10 million over the next two and half years with terms of between 7 and 15 years at short notice, typically 10 days. The Group is cash generative and for the year ended 31 March 2023, had operational cash flow of £112.0 million, with capital commitments at the balance sheet date of £6.1 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 2024 and projections contained in the longer-term business plan which cover the 18 month period. 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's revolving credit facility of £240 million with Lloyds, HSBC and Bank of Ireland expires in October 2024. The Group intends to refinance this loan with the banks this year, but does not rely on the refinancing of the loan to reach its conclusion on going concern.

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 over the recent dislocations in the global economy from Covid-19 and the Russian invasion of Ukraine. The Directors have also considered the performance of the business during the Global Financial Crisis. The Directors modelled several 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 Group and Company financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 March each year. Control is achieved where the Company has the power to direct the relevant activities of an investee entity so as to obtain benefits from its activities.

The Group consolidates the financial results and balance sheets of Big Yellow Group PLC and all of its subsidiaries at the year-end using acquisition accounting principles. All intra-group transactions, balances, income, and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. The results of subsidiaries acquired or disposed of during the year are included in the statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the business combination are recognised in the statement of comprehensive income. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at the lower of their carrying amount and fair value less costs to sell (excluding investment property which is measured at fair value).

Notes to the Financial Statements continued

Year ended 31 March 2023

2. Significant accounting policies continued

Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at their acquisition date (which is typically regarded as their cost). Subsequent to their initial recognition, intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

Investment in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used into line with those used by the Group. Where a Group Company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Revenue recognition

Revenue represents amounts derived from the provision of services which fall within the Group's ordinary activities after deduction of trade discounts and any applicable value added tax. Self storage income is recognised over the period for which the storage room is occupied by the customer on a straight-line basis. Any future revenue is recognised as deferred income at the balance sheet date. The opening offer discount of 50% off for up to 8 weeks is spread evenly over the term of the discount period.

Other storage related income comprises:

- packing material sales are recognised at the point of sale, as there is no further ongoing performance obligation beyond the point of sale; and
- enhanced liability service income (previously insurance income) which is recognised on a straight-line basis over the period a customer occupies their room. The Group recognises ELS income as a principal, as the ELS contract is between the Group and the customer.

Under the Group's ELS policy, routine customer claims (with an individual customer limit of £100,000) under the policy are settled by the Group directly, but in the event of a major loss, the Group has third party insurance in place which will pay the aggregate customer claims to the extent that they exceed £250,000.

The Group recognises non-storage income, which is principally rental income from tenants of properties awaiting development, on a straight-line basis over the period in which it is earned.

Borrowings

Interest-bearing loans and overdrafts are initially measured at fair value, net of direct issue costs. Premiums payable on settlement or redemption and direct issue costs are accounted for on an accruals basis in the statement of comprehensive income using the effective interest rate method and are added to the carrying value amount of the instrument to the extent that they are not settled in the period in which they arise. Borrowings are subsequently held at amortised cost.

2. Significant accounting policies *continued*

Finance costs and income

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred, unless the costs are incurred as part of the development of a qualifying asset, when they will be capitalised. Commencement of capitalisation is the date when the Group incurs expenditure for the qualifying asset, incurs borrowing costs and undertakes activities that are necessary to prepare the assets for their intended use when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. In the case of suspension of activities during extended periods, the Group suspends capitalisation. The Group ceases capitalisation of borrowing costs when substantially all of the activities necessary to prepare the asset for use are complete, typically when a store opens.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

The Group classifies finance costs and income as operating cash flow in the cash flow statement.

Debt modification

A change in debt carried at amortised cost that is considered substantial is accounted for as an extinguishment, which means that the original debt is derecognised, with any gain or loss recorded in the statement of comprehensive income, and a new financial liability recorded based on the new terms. If the change is not considered to be substantial (substantial is defined as a change in the net present value of the cash flows of more than 10%), the original debt remains on the books and there is no current statement of comprehensive income impact.

Operating profit

Operating profit is stated after gains and losses on surplus land, movements on the revaluation of investment properties and before the share of results of associates, investment income and finance costs.

Taxation

The Group is a REIT and as a result the Group does not pay UK corporation tax on the profits and gains from its qualifying rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains of the Group are subject to corporation tax as normal. The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates substantively enacted at the balance sheet date that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset as there is a legally enforceable right to set off current tax assets against current tax liabilities.

Notes to the Financial Statements continued

Year ended 31 March 2023

2. Significant accounting policies continued

Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option.

Where the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Alternative Performance Measures (APMs)

The Group uses a number of APMs to monitor the performance of the business. Adjusted profit before tax and adjusted earnings per share are the Group's primary profit measures and reflect underlying profit by excluding capital and non-recurring items such as revaluation movements, gains or losses on the disposal of properties and the fair value movement of interest derivatives in accordance with EPRA guidelines. In addition, the Group adjusts for items such as the write off of acquisition costs, and fair value movements on the stepped acquisition of associates.

These adjusted measures should not be considered in isolation from, or as substitutes for, or superior to the financial measures prepared in accordance with IFRS.

Plant, equipment, and owner-occupied property

All property, plant, and equipment, not classified as investment property, is carried at historic cost less depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and investment properties, less any residual value over their estimated useful lives, using the straight-line method, on the following bases:

Freehold property	50 years
Leasehold improvements	over period of the lease
Plant and machinery	10 years
Motor vehicles	4 years
Fixtures and fittings	5 years
Computer equipment	3 to 5 years

2. Significant accounting policies *continued*

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Investment property

The criteria used to distinguish investment property from owner-occupied property is to consider whether the property is held for rental income and/or for capital appreciation. Where this is the case, the Group recognises these owned or leased properties as investment properties. Investment property is initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers. In accordance with IAS 40, investment property held as a leasehold is stated gross of the recognised right-of-use liability.

Gains or losses arising from the changes in fair value of investment property are included in the statement of comprehensive income for the period in which they arise. In accordance with IAS 40, as the Group uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

Leasehold properties are classified as investment properties and included in the balance sheet at fair value. The obligation to the lessor for the buildings element of the leasehold is included in the balance sheet at the present value of the minimum lease payments at inception and is shown within note 21. Note 21 does also include leases which are not classified as investment properties.

When the Group redevelops an existing investment property for continued future use as investment property, the property remains an investment property measured at fair value and is not reclassified.

Investment property under construction

Investment property under construction is initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers.

Gains or losses arising from the changes in fair value of investment property under construction are included in the statement of comprehensive income in the period in which they arise.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets (excluding investment property and derivative financial instruments which are carried at fair value) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of an asset's net selling price and its value-in-use (i.e. the net present value of its future cash flows discounted at the Group's average pre-tax interest rate that reflects the borrowing costs and risk for the asset).

Inventories

Inventories, representing the cost of packing materials, are stated at the lower of cost and net realisable value.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets at fair value through profit and loss ("FVTPL") are stated at fair value, with any gains or losses arising on re-measurement recognised in the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

A – Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of interest rates. The Group uses interest rate swap contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors. The policy in respect of interest rates is to maintain a balance between flexibility and the hedging of interest rate risk.

Derivatives are initially recognised at fair value and are subsequently reviewed at each balance sheet date. The fair value of interest rate derivatives at the reporting date is determined by discounting the future cash flows using the forward curves at the reporting date and the credit risk inherent in the contract.

Changes in the fair value of derivative financial instruments are recognised in the statement of comprehensive income as they arise. The Group has not adopted hedge accounting.

Notes to the Financial Statements continued

Year ended 31 March 2023

2. Significant accounting policies continued

B – Financial assets

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Subsequent measurement and gains and losses

Financial assets at FVTPL – these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost – these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI – these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI – these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

C – Impairment of financial assets

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses ("ECLs"). When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full.

2. Significant accounting policies *continued*

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

D – Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amounts of these assets approximate to the fair value.

E – Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a. they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b. where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Retirement benefit costs

Pension costs represent contributions payable to defined contribution schemes and are charged as an expense to the statement of comprehensive income as they fall due. The assets of the schemes are held separately from those of the Group.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. These are measured at fair value at the date of grant. The fair value determined at the grant date of the share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes model and excludes the effect of non-market-based vesting conditions. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recovered in the statement of comprehensive income such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in the statement of comprehensive income for the year.

Notes to the Financial Statements continued

Year ended 31 March 2023

2. Significant accounting policies continued

Climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risks identified in the Sustainability section of the Strategic Report and the Group's stated target of net zero carbon emissions by 2040. These considerations did not have a material impact on the financial reporting judgements and estimates in the current year. This reflects the conclusion that climate change is not expected to have a significant impact on the Group's short-term or medium-term cash flows including those considered in the going concern and viability assessments, the valuation of the Group's investment property portfolio, the carrying value of non-current assets and the estimates of future profitability used in our assessment of the recoverability of deferred tax assets.

Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimate of fair value of Investment Properties and Investment Property under Construction (critical accounting estimate)

The Group's self storage centres and stores under development are valued using a discounted cash flow methodology which is based on projections of net operating income. The Group employs expert external valuers, JLL, who report on the values of the Group's stores on an annual basis. The principal assumptions underlying the estimation of the fair value are those related to: stabilised occupancy levels; expected future growth in storage rents; capitalisation rates; and discount rates. For investment property under construction, the Group estimates the total costs to complete the construction of each store based on its latest assessment of costs for each development, which is based off the most recent market evidence the Group obtains from tender returns and discussion with key suppliers. JLL also consider climate change in their valuations, and the impacts that this could have on each of the Group's investment properties. A more detailed explanation of the background and methodology adopted in the valuation of the Group's investment properties is set out in note 15 to the financial statements.

3. Revenue

Analysis of the Group's operating revenue can be found below and in the Portfolio Summary on page 32.

	2023 £000	2022 £000
Open stores		
Self storage income	162,911	145,592
Insurance income	3,047	17,783
Enhanced liability service income	14,272	–
Packing materials income	3,286	3,142
Other income from storage customers	2,010	1,821
Ancillary store rental income	1,213	937
	186,739	169,275
Other revenue		
Non-storage income	2,090	1,718
Management fees earned	–	325
Total revenue	188,829	171,318

Please see the commentary in the Financial Review on insurance income and enhanced liability service income.

Non-storage income derives principally from rental income earned from tenants of properties awaiting development.

3. Revenue continued

The Group has also earned other operating income of £2.2 million in the year as follows:

- £1.4 million relates to insurance proceeds for loss of income following the destruction of the Group's Cheadle store by fire in 2022;
- £0.6 million relates to insurance proceeds for loss of income following a fire at the Group's Fulham store wine storage area in 2021; and
- £0.2 million is following extinguishing the right-of-use asset and liability following the acquisition of the freehold of our Oxford store.

4. Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. Given the nature of the Group's business, there is one segment, which is the provision of self storage and related services.

Revenue represents amounts derived from the provision of self storage and related services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax. The Group's non-current assets, revenue and profit before tax are attributable to one activity, the provision of self storage and related services. These all arise in the United Kingdom in the current year and prior year.

5. Profit for the year

a) Profit for the year has been arrived at after charging/(crediting):

	Note	2023 £000	2022 £000
Depreciation of plant, equipment, and owner-occupied property	14b	888	857
Depreciation of interest in leasehold properties		1,542	1,601
Loss/(gain) on the revaluation of investment property		29,861	(597,224)
Gains on disposal of investment property		–	(584)
Cost of inventories recognised as an expense		1,643	1,405
Employee costs	6	24,709	23,181

b) Analysis of auditor's remuneration:

	2023 £000	2022 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	487	390
Fees payable to the Company's auditor for the subsidiaries' annual accounts	50	50
Total audit fees	537	440
Audit related assurance services – interim review	60	60
Total non-audit fees	60	60
Total audit and non-audit fees paid to KPMG LLP	597	500

Notes to the Financial Statements continued

Year ended 31 March 2023

6. Employee costs

The average monthly number of full-time equivalent employees (including Executive Directors) was:

	2023 Number	2022 Number
Sales	403	365
Administration	62	62
	465	427

At 31 March 2023 the total number of Group employees was 515 (2022: 495).

	2023 £000	2022 £000
Their aggregate remuneration comprised:		
Wages and salaries	17,475	16,086
Social security costs	2,759	3,014
Other pension costs	740	691
Share-based payments	3,735	3,390
	24,709	23,181

Details of Directors' Remuneration is given on pages 102 to 111. The Directors and the Director of our trading subsidiaries are the employees assessed as key management personnel.

7. Investment income

	2023 £000	2022 £000
Bank interest receivable	8	2
Unwinding of discount on Capital Goods Scheme receivable	1	21
Total interest receivable	9	23
Fair value movement on derivatives	–	1,389
Total investment income	9	1,412

8. Finance costs

	2023 £000	2022 £000
Interest on bank borrowings	18,156	11,772
Capitalised interest	(2,761)	(2,072)
Interest on obligations under lease liabilities	706	843
Other interest payable	61	61
Loan refinancing costs	732	–
Total interest payable	16,894	10,604
Fair value movement on derivatives	133	–
Total finance costs	17,027	10,604

9. Taxation

As a REIT, the Group does not pay UK corporation tax on the profits and gains from its qualifying rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains of the Group are subject to corporation tax as normal. The Group monitors its compliance with the REIT conditions. There have been no breaches of the conditions to date.

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. Finance (No.2) Bill 2021 announced that the main rate of corporation tax was going to increase to 25% from 1 April 2023 and this was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

UK current tax	2023 £000	2022 £000
• Current year	2,296	1,725
• Prior year	(319)	(123)
	1,977	1,602

A reconciliation of the tax charge is shown below:

	2023 £000	2022 £000
Profit before tax	75,309	698,876
Tax charge at 19% (2022 – 19%) thereon	14,309	132,786
Effects of:		
Revaluation of investment properties	5,674	(113,472)
Share of profit of associates	–	(699)
Other permanent differences	626	(2,031)
Utilisation of brought forward losses	(76)	–
Profits from the tax-exempt business	(18,237)	(14,859)
Current year tax charge	2,296	1,725
Prior year adjustment	(319)	(123)
Total tax charge	1,977	1,602

At 31 March 2023 the Group has unutilised tax losses from the non-REIT taxable business of £33.8 million (2022: £34.2 million) available for offset against certain types of future taxable profits. All losses can be carried forward indefinitely.

10. Adjusted profit

	2023 £000	2022 £000
Profit before tax	75,309	698,876
(Loss)/gain on revaluation of investment properties – Group	29,861	(597,224)
– associates (net of deferred tax) to 30 June 2021	–	(1,537)
Change in fair value of interest rate derivatives	133	(1,389)
Armadillo fair value adjustments on acquisition	–	(1,756)
Gain on disposal of investment property	–	(584)
Refinancing fees	732	–
Acquisition costs written off	–	416
Adjusted profit before tax	106,035	96,802
Tax	(1,977)	(1,602)
Adjusted profit after tax	104,058	95,200

Adjusted profit before tax which excludes gains and losses on the revaluation of investment properties, changes in fair value of interest rate derivatives, acquisition costs written off in accordance with IFRS 3, refinancing fees, fair value adjustments on acquisitions, and net gains and losses on disposal of investment property have been disclosed in line with EPRA performance measures.

Notes to the Financial Statements continued

Year ended 31 March 2023

11. Dividends

	2023 £000	2022 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2022 of 21.4p (2021: 17.0p) per share.	39,136	31,039
Interim dividend for the year ended 31 March 2023 of 22.3p (2022: 20.6p) per share.	40,824	37,659
	79,960	68,698
Proposed final dividend for the year ended 31 March 2023 of 22.9p (2022: 21.4p) per share.	41,947	39,136

Subject to approval by shareholders at the Annual General Meeting to be held on 20 July 2023, the final dividend will be paid on 28 July 2023. The ex-div date is 6 July 2023 and the record date is 7 July 2023.

The Property Income Distribution ("PID") payable for the year is 45.2 pence per share (2022: 42.0 pence per share).

12. Earnings per share

	Year ended 31 March 2023			Year ended 31 March 2022		
	Earnings £m	Shares £m	Pence per share £m	Earnings £m	Shares £m	Pence per share £m
Basic	73.3	183.0	40.1	697.3	180.9	385.4
Dilutive share options	–	1.1	(0.3)	–	0.6	(1.2)
Diluted	73.3	184.1	39.8	697.3	181.5	384.2
Adjustments:						
Loss/(gain) on revaluation of investment properties	30.0	–	16.2	(597.2)	–	(329.0)
Acquisition costs written off	–	–	–	0.4	–	0.2
Change in fair value of interest rate derivatives	0.1	–	0.1	(1.4)	–	(0.8)
Gain on disposal of investment property	–	–	–	(0.6)	–	(0.3)
Refinancing fees	0.7	–	0.4	–	–	–
Share of associate fair value gains and losses	–	–	–	(3.3)	–	(1.8)
EPRA – diluted	104.1	184.1	56.5	95.2	181.5	52.5
EPRA – basic	104.1	183.0	56.9	95.2	180.9	52.6

The calculation of basic earnings is based on profit after tax for the year. The weighted average number of shares used to calculate diluted earnings per share has been adjusted for the conversion of share options.

EPRA earnings and earnings per ordinary share have been disclosed in line with EPRA recommendations.

13. Net assets per share

EPRA's Best Practices Recommendations guidelines for Net Asset Value (NAV) metrics are EPRA Net Tangible Assets (NTA), EPRA Net Reinstatement Value (NRV) and EPRA Net Disposal Value (NDV).

EPRA NTA is considered to be most consistent with the nature of Big Yellow's business which provides sustainable long-term progressive returns. EPRA NTA is shown in the table below. This measure is further adjusted by the adjustment the Group makes for purchaser's costs, which is the Group's Adjusted Net Asset Value (or Adjusted NAV).

Net assets per share are equity shareholders' funds divided by the number of shares at the year end. The shares currently held in the Group's Employee Benefit Trust are excluded from both net assets and the number of shares. Adjusted net assets per share include the effect of those shares issuable under employee share option schemes and the effect of alternative valuation methodology assumptions (see note 15).

13. Net assets per share continued

	Year ended 31 March 2023			Year ended 31 March 2022		
	Equity attributable to ordinary shareholders £000	Shares £000	Pence per share £000	Equity attributable to ordinary shareholders £000	Shares £000	Pence per share £000
Basic NAV	2,182,446	183,143,066	1,191.7	2,184,375	182,844,471	1,194.7
Share and save as you earn schemes	1,909	1,705,121	(10.0)	1,592	1,409,649	(8.3)
Diluted NAV	2,184,355	184,848,187	1,181.7	2,185,967	184,254,120	1,186.4
Fair value of derivatives – Group	(316)	–	(0.2)	(885)	–	(0.5)
Intangible assets	(1,433)	–	(0.7)	(1,433)	–	(0.8)
EPRA NTA	2,182,606	184,848,187	1,180.8	2,183,649	184,254,120	1,185.1
Valuation methodology assumption (see note 15) (£000)	104,605	–	56.5	100,600	–	54.6
Adjusted NAV	2,287,211	184,848,187	1,237.3	2,284,249	184,254,120	1,239.7

14. Non-current assets

a) Investment property, investment property under construction and right-of-use assets

	Investment property £000	Investment property under construction £000	Right-of-use assets £000	Total £000
At 31 March 2021	1,621,990	163,537	16,644	1,802,171
Additions	10,921	95,509	1,084	107,514
Acquisition of Armadillo	138,418	–	4,862	143,280
Transfer on opening of stores	41,182	(41,182)	–	–
Revaluation (see note 15)	529,688	67,536	–	597,224
Depreciation	–	–	(1,553)	(1,553)
Impairment of Cheadle lease	–	–	(1,863)	(1,863)
At 31 March 2022	2,342,199	285,400	19,174	2,646,773
Additions	40,559	72,063	2,034	114,656
Transfer on opening of stores	39,288	(39,288)	–	–
Acquisition of Oxford freehold	–	–	(1,597)	(1,597)
Revaluation (see note 15)	27,594	(57,455)	–	(29,861)
Depreciation	–	–	(1,463)	(1,463)
At 31 March 2023	2,449,640	260,720	18,148	2,728,508

The right-of-use assets represent the present value of minimum lease payments for leasehold properties that meet the definition of IAS 40 and are accounted for as investment properties – see note 21 for further details of the obligations under lease liabilities. The fair value of the leasehold properties (including long leaseholds), on which the Group pays rent, of £74.6 million (2022: £80.2 million) is included within the investment property total.

Included within the revaluation gain on investment property in the prior year is an impairment of £4.3 million in relation to the fire at Cheadle.

The credit to right-of-use assets in the current year of £1.6 million is due to the acquisition of the freehold of our Oxford store, and hence the extinguishment of the lease liability and associated right-of-use asset.

Notes to the Financial Statements continued

Year ended 31 March 2023

14. Non-current assets continued

The income from self storage accommodation earned by the Group from its investment property is disclosed in note 3. Direct operating expenses, which are all applied to generating rental income, arising on the investment property in the year are disclosed in the Portfolio Summary on page 32. Included within additions is £2.8 million of capitalised interest (2022: £2.1 million), calculated at the Group's average borrowing cost for the year of 4.2%. 85 of the Group's investment properties are pledged as security for loans, with a total external value of £1.99 billion.

b) Plant, equipment, and owner-occupied property

	Freehold property £000	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings & office equipment £000	Right-of-use assets £000	Total £000
Cost							
At 31 March 2021	2,275	59	439	32	1,262	872	4,939
Retirement of fully depreciated assets	–	–	(107)	–	(402)	–	(509)
Additions	15	–	115	–	780	–	910
At 31 March 2022	2,290	59	447	32	1,640	872	5,340
Retirement of fully depreciated assets	–	–	(83)	–	(687)	–	(770)
Additions	116	–	283	–	738	3	1,140
At 31 March 2023	2,406	59	647	32	1,691	875	5,710
Depreciation							
At 31 March 2021	(593)	(12)	(129)	(32)	(52)	(211)	(1,029)
Retirement of fully depreciated assets	–	–	107	–	402	–	509
Charge for the year	(43)	(4)	(113)	–	(697)	(106)	(963)
At 31 March 2022	(636)	(16)	(135)	(32)	(347)	(317)	(1,483)
Retirement of fully depreciated assets	–	–	83	–	687	–	770
Charge for the year	(46)	(4)	(158)	–	(680)	(106)	(994)
At 31 March 2023	(682)	(20)	(210)	–	(340)	(423)	(1,707)
Net book value							
At 31 March 2023	1,724	39	437	–	1,351	452	4,003
At 31 March 2022	1,654	43	312	–	1,293	555	3,857

c) Intangible assets

The intangible asset relates to the Big Yellow brand, which was acquired through the acquisition of Big Yellow Self Storage Company Limited in 1999. The carrying value remains unchanged from the prior year as there is considered to be no impairment in the value of the asset. The asset has an indefinite life and is tested annually for impairment or more frequently if there are indicators of impairment.

d) Investment

The Group has an £0.6 million investment in Doncaster Security Operations Centre Limited, a company which provides out-of-hours monitoring and alarm receiving services, including for the Group's stores. The investment is carried at cost and tested annually for impairment.

14. Non-current assets continued

e) Investment in associates

Armadillo

The Group had a 20% interest in Armadillo Storage Holding Company Limited ("Armadillo 1") and a 20% interest in Armadillo Storage Holding Company 2 Limited ("Armadillo 2"). Both interests were accounted for as associates, using the equity method of accounting. On 1 July 2021 the Group acquired the remaining interest in Armadillo 1 and Armadillo 2 that it did not previously own. From this date, Armadillo 1 and Armadillo 2 are accounted for as a wholly owned subsidiaries of the Group. The results up to this date are equity accounted as shown in the note below:

	Armadillo 1		Armadillo 2		Total	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
At the beginning of the year	–	8,698	–	5,022	–	13,720
Share of results (see below)	–	2,413	–	1,264	–	3,677
Dividends	–	(211)	–	(224)	–	(435)
Acquisition of remaining interest	–	(10,900)	–	(6,062)	–	(16,962)
Share of net assets	–	–	–	–	–	–

The figures below show the trading results of Armadillo, and the Group's share of the results up to the point of acquisition of the remaining interest in the Partnerships on 1 July 2021.

	Armadillo 1 1 April 2021 to 30 June 2021 £000	Armadillo 2 1 April 2021 to 30 June 2021 £000
Income statement (100%)		
Revenue	3,170	1,876
Cost of sales	(1,601)	(793)
Administrative expenses	(126)	(45)
Operating profit	1,443	1,038
Goodwill write-off	(982)	(1,849)
Gain on the revaluation of investment properties	4,888	2,795
Net interest payable	(274)	(183)
Current and deferred tax	6,988	4,519
Profit attributable to shareholders	12,063	6,320
Dividends paid	(1,054)	(1,120)
Retained profit	11,009	5,200
Group share (20%)		
Operating profit	289	208
Goodwill write-off	(196)	(370)
Gain on the revaluation of investment properties	978	559
Net interest payable	(55)	(37)
Current and deferred tax	1,397	904
Profit attributable to shareholders	2,413	1,264
Dividends paid	(211)	(224)
Retained profit	2,202	1,040
Associates' net assets	–	–

Please see the accounts for the year ended 31 March 2022 for full disclosure of the acquisition.

Notes to the Financial Statements continued

Year ended 31 March 2023

15. Valuation of investment property

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
Freehold stores			
At 31 March 2022	908,266	1,392,733	2,300,999
Transfer from investment property under construction	28,141	11,147	39,288
Transfer from leasehold stores	1,182	2,843	4,025
Movement in year	40,285	34,018	74,303
At 31 March 2023	977,874	1,440,741	2,418,615
Leasehold stores			
At 31 March 2022	21,732	19,468	41,200
Transfer to freehold stores	(1,182)	(2,843)	(4,025)
Movement in year	274	(6,424)	(6,150)
At 31 March 2023	20,824	10,201	31,025
Total of open stores			
At 31 March 2022	929,998	1,412,201	2,342,199
Transfer from investment property under construction	28,141	11,147	39,288
Movement in year	40,559	27,594	68,153
At 31 March 2023	998,698	1,450,942	2,449,640
Investment property under construction			
At 31 March 2022	211,853	73,547	285,400
Transfer to investment property	(28,141)	(11,147)	(39,288)
Movement in year	72,063	(57,455)	14,608
At 31 March 2023	255,775	4,945	260,720
Valuation of all investment property			
At 31 March 2022	1,141,851	1,485,748	2,627,599
Movement in year	112,622	(29,861)	82,761
At 31 March 2023	1,254,473	1,455,887	2,710,360

The Group has classified the fair value investment property and the investment property under construction within Level 3 of the fair value hierarchy. There has been no transfer to or from Level 3 in the year.

The Group's freehold and leasehold investment properties have been valued at 31 March 2023 by external valuers, Jones Lang Lasalle ("JLL"). The Valuation has been prepared in accordance with the version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement ("the Red Book") current as at the valuation date. The valuation of each of the investment properties and the investment properties under construction has been prepared on the basis of either Fair Value or Fair Value as a fully equipped operational entity, having regard to trading potential, as appropriate.

The valuation has been provided for financial reporting purposes and as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, JLL have confirmed that:

- this is JLL's second annual valuation for these purposes on behalf of the Group;
- JLL do not provide other significant professional or agency services to the Group;
- in relation to the preceding financial year of JLL, the proportion of the total fees payable by the Group to the total fee income of the firm is less than 5%; and
- the fee payable to JLL is a fixed amount per asset and is not contingent on the appraised value.

15. Valuation of investment property *continued*

The self storage properties have been valued on the basis of Fair Value as fully equipped operational entities, having regard to trading potential. Due to the specialised nature and use of the buildings the approach is to adopt a profits method of valuation in an explicit Discounted Cash Flow calculation and then consider the results in the context of recent comparable evidence of transactions in the sector.

The profits method requires an estimate of the future cash flow that can be generated from the use of the building as a self storage facility, assuming a reasonably efficient operator. Judgements are made as to the trading potential and likely long term sustainable occupancy. Stable occupancy depends upon the nature of demand, size of property and nearby competition, and allows for a reasonable vacancy rate to enable the operator to sell units to new customers. The cash flow runs for an explicit period of 10 years, after which it is capitalised at an all risks yield which reflects the implicit future growth of the business, or a hypothetical sale. This is a valuer's shortcut: maintaining the cash flow into perpetuity would provide the same result. The comparison with recent transactions requires the evidence to be considered in terms of the multiple on net operating profit (or EBITDA/EBITDAR), value per square foot, yield profile etc and then adjusted to reflect differences in location, building factors, tenure, trading maturity and trading risk.

This mirrors the typical approach of purchasers in the self storage market. However, in view of the relatively limited availability of comparable market evidence this requires a degree of valuer judgment. In particular, most of the transactions have comprised share sales due to the nature of the asset class and the terms of those transactions have mostly been kept confidential between the parties.

Portfolio Premium

JLL's valuation report confirms that the properties have been valued individually but that if the portfolio was to be sold as a single lot or in selected groups of properties, the total value could differ. JLL state that in current market conditions they are of the view that there could be a portfolio premium.

Assumptions

- A. Net operating income is based on projected revenue received less projected operating costs, which include a management fee to take account of central/head office costs. The initial net operating income is calculated by estimating the net operating income in the first 12 months following the valuation date.
- B. The net operating income in future years is calculated assuming either straight-line absorption from day one actual occupancy or variable absorption over years one to five of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the 108 trading stores (both freeholds and leaseholds) open at 31 March 2023 averages 88% (31 March 2022: 88%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth.
- C. The future rental growth incorporated into the valuation averages 2.6% per annum (2022: 2.8% per annum)
- D. The capitalisation rates applied to existing and future net cash flow have been estimated by reference to underlying yields for asset types such as industrial, distribution and retail warehousing, yields for other trading property types such as student housing and hotels, bank base rates, ten-year money rates, inflation and the available evidence of transactions in the sector. The valuation included in the accounts assumes rental growth in future periods. The net initial yield for the 108 stores is 5.3% (31 March 2022: 5.2%). The weighted average exit capitalisation rate adopted (for both freeholds and leaseholds) is 5.6% (31 March 2022: 5.5%).
- E. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) is 7.1% (31 March 2022: 7.1%).
- F. Purchaser's costs of 6.8% have been adopted reflecting current progressive Stamp Duty Land Tax rates.

Short leasehold

The same methodology has been used as for freeholds, but the exit capitalisation rate is adjusted to reflect the unexpired lease term at exit. The average unexpired term of the Group's six short leasehold properties is 12.2 years (31 March 2022: 14.0 years unexpired).

Notes to the Financial Statements continued

Year ended 31 March 2023

15. Valuation of investment property continued

Sensitivities

As noted in 'Critical accounting estimates and judgements' on page 146 self storage valuations are complex, derived from data which is not widely publicly available and involve a degree of judgement. For these reasons we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13. Inputs to the valuations, some of which are 'unobservable' as defined by IFRS 13, include capitalisation yields, stable occupancy rates, and rental growth rates. The existence of an increase of more than one unobservable input would augment the impact on valuation. The impact on the valuation would be mitigated by the inter-relationship between unobservable inputs moving in opposite directions. For example, an increase in stable occupancy may be offset by an increase in yield, resulting in no net impact on the valuation. A sensitivity analysis showing the impact on the investment property valuation of changes in yields and stable occupancy is shown below:

	Impact of a change in capitalisation rates		Impact of a change in stabilised occupancy assumption	
	25 bps decrease	25 bps increase	1% increase	1% decrease
Reported Group	4.7%	(4.3%)	1.1%	(1.2%)

A sensitivity analysis has not been provided for a change in the rental growth rate adopted as there is a relationship between this measure and the discount rate adopted. So, in theory, an increase in the rental growth rate would give rise to a corresponding increase in the discount rate and the resulting value impact would be limited.

Investment properties under construction

JLL have valued the stores in development adopting the same methodology as set out above but on the basis of the cash flow projection expected for the store at opening and after allowing for the outstanding costs to take each scheme from its current state to completion and full fit-out. JLL have allowed for holding costs and construction contingency, as appropriate. Five of the schemes valued do not yet have planning consent and JLL have reflected the planning risk in their valuation. The cost to complete for the investment property under construction amounts to £217 million.

Valuation assumption for purchaser's costs

The Group's investment property assets have been valued for the purposes of the financial statements after deducting notional weighted average purchaser's cost of 6.8% on the net value, as if they were sold directly as property assets. The valuation is an asset valuation which is entirely linked to the operating performance of the business. The assets would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be very difficult to achieve except in a corporate structure. This approach follows the logic of the valuation methodology in that the valuation is based on a capitalisation of the net operating income after allowing a deduction for operational cost and an allowance for central administration costs. Sale in a corporate structure would result in a reduction in the assumed Stamp Duty Land Tax but an increase in other transaction costs reflecting additional due diligence resulting in a reduced notional purchaser's cost of 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. The Group therefore instructed JLL to carry out an additional valuation on the above basis, and this results in a higher property valuation at 31 March 2023 of £2,815 million (£104.6 million higher than the value recorded in the financial statements) translating to 56.5 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 13).

16. Trade and other receivables

	31 March 2023 £000	31 March 2022 £000
Current		
Trade receivables	5,181	4,763
Other receivables	209	949
Prepayments and accrued income	2,924	2,044
	8,314	7,756

Trade receivables are net of a bad debt provision of £1,070,000 (2022: £563,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Financial Review contains commentary on the Capital Goods Scheme receivable.

Trade receivables

The Group does not typically offer credit terms to its customers, requiring them to pay in advance of their storage period and hence the Group is not exposed to significant credit risk. A late charge of 10% is applied to a customer's account if they are more than 10 days overdue in their payment. The Group provides for receivables on a specific basis. There is a right of lien over the customers' goods, so if they have not paid within a certain time frame, we have the right to sell the items they store to recoup the debt owed. Trade receivables that are overdue are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

For individual storage customers, the Group does not perform credit checks, however this is mitigated by the fact that these customers are required to pay in advance, and also to pay a deposit ranging from one week to four weeks' storage income. Before accepting a new business customer who wishes to use a number of the Group's stores, the Group uses an external credit rating to assess the potential customer's credit quality and defines credit limits by customer. There are no customers who represent more than 5% of the total balance of trade receivables.

Included in the Group's trade receivables balance are debtors with a carrying amount of £779,000 (2022: £713,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 16 days past due (2022: 18 days past due).

The creation and release of credit loss allowances have been included in cost of sales in the income statement.

The Group measures the loss allowance for the trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor. The Group provides in full against all receivables due over 45 days past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtors are in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Notes to the Financial Statements continued

Year ended 31 March 2023

16. Trade and other receivables continued

The following table details the risk profile of trade receivables based on the Group's provision matrix:

Year ended 31 March 2023	Not past due	<31 days	31-45 days	>45 days	Total
Expected credit loss rate (%)	0.2%	16.2%	19.9%	100%	17.1%
Gross carrying amount (£000)	4,413	850	84	904	6,251
Lifetime ECL (£000)	(11)	(138)	(17)	(904)	(1,070)
Net trade receivables at 31 March 2023	4,402	712	67	–	5,181
Year ended 31 March 2022	Not past due	<31 days	31-45 days	>45 days	Total
Expected credit loss rate (%)	0.2%	10.4%	20.5%	100%	10.6%
Gross carrying amount (£000)	4,058	733	71	464	5,326
Lifetime ECL (£000)	(8)	(77)	(14)	(464)	(563)
Net trade receivables at 31 March 2022	4,050	656	57	–	4,763

The above balances are short term and therefore the difference between the book value and the fair value is not significant. Consequently, these have not been discounted.

Movement in the credit loss allowance

	2023 £000	2022 £000
Balance at the beginning of the year	563	223
Credit loss allowance consolidated on Armadillo acquisition	–	41
Amounts provided in year	826	463
Amounts written off as uncollectible	(319)	(164)
Balance at the end of the year	1,070	563

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the credit loss allowance.

17. Trade and other payables

	31 March 2023 £000	31 March 2022 £000
Current		
Trade payables	4,208	5,705
Other payables	18,199	13,762
Accruals and deferred income	34,868	27,882
	57,275	47,349

The Group has financial risk management policies in place to ensure that all payables are paid within the credit terms. The Directors consider the carrying amount of trade and other payables and accruals and deferred income approximates fair value.

The Group invoices its customers in advance, and hence any deferred income balance primarily relates to amounts paid by customers for rental periods beyond the balance sheet date. The Groups' deferred income balance at 31 March 2023 was £17.3 million, an increase of 9% from 31 March 2022 (£15.8 million). This reflects the growth in the Group's revenue during the year.

18. Financial instruments

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

With the exception of derivative instruments which are classified as a financial liability at fair value through the statement of comprehensive income, financial liabilities are categorised under amortised cost. The Group has the following classes of financial assets:

- Trade and other receivables – trade receivables are initially recognised at transaction price. Other receivables are initially recognised at fair value. Subsequently these assets are measured at amortised cost using the effective interest method, less provision for expected credit losses.
- Cash and cash equivalents – cash and cash equivalents represent only liquid assets with maturity of 90 days or less. Bank overdrafts that cannot be offset against other cash balances are shown with borrowings in current liabilities on the balance sheet. Cash and cash equivalents are also classified as amortised cost. They are subsequently measured at amortised cost. Cash and cash equivalents include cash in hand, deposits at call with banks, and other short term highly liquid investments with original maturities of three months or less.

Exposure to credit and interest rate risks arise in the normal course of the Group's business. Derivative financial instruments are used to manage exposure to fluctuations in interest rates but are not employed for speculative purposes.

A. Balance sheet management

The Group's Board reviews the capital structure on an ongoing basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Group seeks to have a conservative gearing ratio (the proportion of net debt to equity). The Board considers at each review the appropriateness of the current ratio in light of the above. The Board is currently satisfied with the Group's gearing ratio.

The gearing ratio at the year-end is as follows:

	2023 £000	2022 £000
Debt	(494,927)	(420,435)
Cash and cash equivalents	8,329	8,605
Net debt	(486,598)	(411,830)
Balance sheet equity	2,182,446	2,184,375
Net debt to equity ratio	22.3%	18.9%

B. Debt management

The Group currently borrows through a senior term loan, secured on 50 self storage assets, a loan with Aviva Commercial Finance Limited secured on a portfolio of 20 self storage assets, a £120 million loan from M&G Investments Limited secured on a portfolio of 15 self storage assets. The Group also has a \$225 million shelf facility available from Pricoa Private Capital (see note 19). Borrowings are arranged to ensure an appropriate maturity profile and to maintain short-term liquidity. Funding is arranged through banks and financial institutions with whom the Group has a strong working relationship.

C. Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

Notes to the Financial Statements continued

Year ended 31 March 2023

18. Financial instruments continued

At 31 March 2023 the Group had one interest rate derivative in place – £35 million fixed at 0.88% (excluding the margin on the underlying debt instrument) until June 2023.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The £35 million interest rate swap settles on a three-monthly basis. The floating rate on the interest rate swap is three month SONIA. The Group settles the difference between the fixed and floating interest rate on a net basis.

The Group does not hedge account for its interest rate swaps and states them at fair value, with changes in fair value included in the statement of comprehensive income. A reconciliation of the movement in derivatives is provided in the table below:

	2023 £000	2022 £000
At 1 April	885	(475)
Fair value of Armadillo derivatives on acquisition of remaining interest	–	(29)
Receipt from cancellation of interest rate derivatives	(436)	–
Fair value movement in the year	(133)	1,389
At 31 March	316	885

The interest rate derivative asset is shown within current assets at the year end, as the interest rate derivative expires within 12 months of the balance sheet date.

The tables below reconcile the opening and closing balances of the Group's finance related liabilities for the current and prior year:

	Financial liabilities measured at amortised cost		Financial liabilities measured at fair value	Total £000
	Loans £000	Obligations under lease liabilities £000	Interest rate derivatives £000	
At 1 April 2022	(420,435)	(20,676)	885	(440,226)
Acquisition of Oxford freehold	–	1,671	–	1,671
Cash movement in the year	(74,492)	1,267	(436)	(73,661)
Lease variations	–	(1,958)	–	(1,958)
Fair value movement	–	–	(133)	(133)
At 31 March 2023	(494,927)	(19,696)	316	(514,307)

The difference between the loans balance above and the balance sheet is loan arrangement fees of £2,357,000.

18. Financial instruments *continued*

	Financial liabilities measured at amortised cost		Financial liabilities measured at fair value	Total £000
	Loans £000	Obligations under lease liabilities £000	Interest rate derivatives £000	
At 1 April 2021	(337,300)	(17,928)	(475)	(355,703)
Cash movement in the year	(32,235)	1,384	–	(30,851)
Acquisition of remaining interest in Armadillo	(50,900)	(4,862)	(29)	(55,791)
Impairment of Cheadle lease	–	1,944	–	1,944
Lease variations	–	(1,214)	–	(1,214)
Fair value movement	–	–	1,389	1,389
At 31 March 2022	(420,435)	(20,676)	885	(440,226)

The difference between the loans balance above and the balance sheet is loan arrangement fees of £2,455,000.

D. Interest rate sensitivity analysis

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings, without jeopardising its flexibility. Over the longer term, permanent changes in interest rates may have an impact on consolidated earnings. At 31 March 2023, it is estimated that an increase of 0.25 percentage points in interest rates would have reduced the Group's adjusted profit before tax and net equity by £753,000 (2022: reduced adjusted profit before tax by £493,000) and a decrease of 0.25 percentage points in interest rates would have increased the Group's adjusted profit before tax and net equity by £753,000 (2022: increased adjusted profit before tax by £493,000). The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings, net of interest rate swaps, at the year end.

The Group's sensitivity to interest rates has increased during the year, following the increase in the amount of floating rate debt. The Board monitors closely the exposure to the floating rate element of our debt.

E. Cash management and liquidity

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 19 is a description of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Short term money market deposits are used to manage liquidity whilst maximising the rate of return on cash resources, giving due consideration to risk.

F. Foreign currency management

The Group does not have any foreign currency exposure.

G. Credit risk

The credit risk management policies of the Group with respect to trade receivables are discussed in note 16. The Group has no significant concentration of credit risk, with exposure spread over 73,000 occupied rooms in our stores.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Notes to the Financial Statements continued

Year ended 31 March 2023

18. Financial instruments continued

H. Financial maturity analysis

In respect of interest-bearing financial liabilities, the following table provides a maturity analysis for individual elements.

2023 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Aviva loan	158,927	3,159	3,317	7,451	145,000
M&G loan payable at variable rate	85,000	–	–	–	85,000
M&G loan fixed by interest rate derivatives	35,000	–	–	–	35,000
Bank loan payable at variable rate	216,000	–	216,000	–	–
Total	494,927	3,159	219,317	7,451	265,000

2022 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Aviva loan	161,935	3,008	3,159	10,459	145,309
M&G loan payable at variable rate	85,000	–	85,000	–	–
M&G loan fixed by interest rate derivatives	35,000	–	35,000	–	–
Bank loan payable at variable rate	99,000	–	–	99,000	–
Armadillo loan fixed by interest rate derivatives	26,350	–	26,350	–	–
Armadillo loan payable at variable rate	13,150	–	13,150	–	–
Total	420,435	3,008	162,659	109,459	145,309

I. Fair values of financial instruments

The fair values of the Group's cash and short-term deposits and those of other financial assets equate to their book values. Details of the Group's receivables at amortised cost are set out in note 16. The amounts are presented net of provisions for doubtful receivables, and allowances for impairment are made where appropriate. Trade and other payables, including bank borrowings, are carried at amortised cost. Obligations under lease liabilities are included at the present value of their minimum lease payments. Derivatives are carried at fair value.

For those financial instruments held at valuation, the Group has categorised them into a three-level fair value hierarchy based on the priority of the inputs to the valuation technique in accordance with IFRS 7. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. The fair value of the Group's outstanding interest rate derivatives, as detailed in note 18C, have been estimated by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 7. There are no financial instruments which have been categorised as Level 1 or Level 3. The fair value of the Group's debt equates to its book value.

18. Financial instruments *continued*

J. Maturity analysis of financial liabilities

The contractual maturities based on market conditions and expected yield curves prevailing at the year-end date are as follows:

	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Obligations under lease liabilities £000	Total £000
2023					
From five to twenty years	–	–	278,104	21,766	299,870
From two to five years	–	–	40,726	4,101	44,827
From one to two years	–	–	237,652	2,048	239,700
Due after more than one year	–	–	556,482	27,915	584,397
Due within one year	22,407	(289)	26,566	2,048	50,732
Total	22,407	(289)	583,048	29,963	635,129
	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Obligations under lease liabilities £000	Total £000
2022					
From five to twenty years	–	–	153,835	22,765	176,600
From two to five years	–	–	126,541	5,432	131,973
From one to two years	–	(174)	172,163	1,989	173,978
Due after more than one year	–	(174)	452,539	30,186	482,551
Due within one year	19,467	(608)	15,869	1,989	36,717
Total	19,467	(782)	468,408	32,175	519,268

K. Reconciliation of maturity analyses

The maturity analysis in note 18J shows non-discounted cash flows for all financial liabilities including interest payments. The table below reconciles the borrowings column in note 19 with the borrowings and interest column in the maturity analysis presented in note 18J.

	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
2023				
From five to twenty years	265,000	11,316	1,788	278,104
From two to five years	7,451	33,275	–	40,726
From one to two years	219,317	17,766	569	237,652
Due after more than one year	491,768	62,357	2,357	556,482
Due within one year	3,159	23,407	–	26,566
Total	494,927	85,764	2,357	583,048
	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
2022				
From five to twenty years	145,309	7,156	1,370	153,835
From two to five years	109,459	16,533	549	126,541
From one to two years	162,659	8,968	536	172,163
Due after more than one year	417,427	32,657	2,455	452,539
Due within one year	3,008	12,861	–	15,869
Total	420,435	45,518	2,455	468,408

Notes to the Financial Statements continued

Year ended 31 March 2023

19. Borrowings

Secured borrowings at amortised cost	31 March 2023 £000	31 March 2022 £000
Current liabilities		
Aviva loan	3,159	3,008
	3,159	3,008
Non-current liabilities		
Bank borrowings	216,000	99,000
Armadillo loans	–	39,500
Aviva loan	155,768	158,927
M&G loan	120,000	120,000
Unamortised loan arrangement costs	(2,357)	(2,455)
Total non-current borrowings	489,411	414,972
Total borrowings	492,570	417,980

The weighted average interest rate paid on the borrowings during the year was 4.2% (2022: 2.8%).

The Group has £24 million in undrawn committed bank borrowing facilities at 31 March 2023, which expire after between one and two years (2022: £141 million expiring after between two and three years).

The Group has a £158.9 million fixed rate loan with Aviva Commercial Finance Limited, expiring in September 2028. The loan is secured over a portfolio of 20 freehold self storage centres. The annual fixed interest rate on the loan is 3.4%. The loan has an amortising element of £13.9 million which runs to April 2027.

The Group has a secured £240 million five year revolving bank facility with Lloyds, HSBC and Bank of Ireland expiring in October 2024, with a margin of 1.25%.

The Armadillo loans were repaid during the year using the RCF bank facility.

The Group has a £120 million loan with M&G Investments Limited, with a bullet repayment in September 2029. The loan is secured over a portfolio of 15 freehold self storage centres.

In addition to the facilities above, during the year, the Group signed a \$225 million credit approved shelf facility with Pricoa Private Capital ("Pricoa"), to be drawn in fixed sterling notes. The Group can draw the debt in minimum tranches of £10 million over the next two and a half years with terms of between 7 and 15 years at short notice, typically 10 days.

The movement in the Group's loans are shown net in the cash flow statement as the bank loan is a revolving facility and is repaid and redrawn each month. The Group repaid the Armadillo debt facilities during the year (£39.5 million drawn). The movement has been shown net in the cash flow statement. The other Group loans are not revolving, and any movements in those loans are disclosed in a footnote to note 26b.

The Group was in compliance with its banking covenants at 31 March 2023 and throughout the year. The principal covenants are summarised in the table below:

Covenant	Covenant level	At 31 March 2023
Consolidated EBITDA	Minimum 1.5x	7.2x
Consolidated net tangible assets	Minimum £250m	£2,182.4m
Bank loan interest cover	Minimum 1.75x	9.1x
Aviva loan interest service cover ratio	Minimum 1.5x	5.9x
Aviva loan debt service cover ratio	Minimum 1.2x	3.8x
M&G interest cover	Minimum 1.5x	4.9x

The Consolidated EBITDA covenant is calculated by dividing the consolidated EBITDA generated by the Group's stores by the Group's consolidated net finance costs.

The bank loan interest cover, the Aviva loan interest service cover ratio and the M&G interest cover covenants are calculated by dividing the EBITDA generated by each loan's security pool by the interest payable for each loan for each defined time period. The Aviva loan debt service cover ratio is calculated by taking the EBITDA generated by the Aviva security pool and dividing by the Aviva loan interest payable and facility amortisation.

19. Borrowings continued

Interest rate profile of financial liabilities

	Total £000	Floating rate £000	Fixed rate £000	Weighted average interest rate	Period for which the rate is fixed	Weighted average period until maturity
At 31 March 2023						
Gross financial liabilities	494,927	301,000	193,927	4.7%	4.8 years	3.9 years
At 31 March 2022						
Gross financial liabilities	420,435	197,150	223,285	3.1%	4.6 years	3.4 years

All monetary liabilities, including short-term receivables and payables are denominated in sterling. The weighted average interest rate includes the effect of the Group's interest rate derivatives. The Directors have concluded that the carrying value of borrowings approximates to its fair value.

Narrative disclosures on the Group's policy for financial instruments are included within the Strategic Report and in note 18.

20. Deferred tax

Deferred tax assets in respect of IFRS 2 £0.1 million (2022: £0.1 million), corporation tax losses £6.3 million (2022: £6.5 million), capital allowances in excess of depreciation £0.2 million (2022: £0.3 million) and capital losses £2.1 million (2022: £2.1 million) in respect of the non-REIT taxable business have not been recognised as it is not considered probable that sufficient taxable profits will arise in the relevant taxable entity. The unused tax losses can be carried forward indefinitely.

21. Obligations under lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2023 £000	2022 £000	2023 £000	2022 £000
Amounts payable under lease liabilities:				
Within one year	2,048	1,989	2,020	1,958
Within two to five years inclusive	6,149	7,421	5,652	6,651
Greater than five years	21,766	22,765	12,024	12,067
	29,963	32,175	19,696	20,676
Less: future finance charges	(10,267)	(11,499)		
Present value of lease liabilities	19,696	20,676		

All obligations under lease liabilities are denominated in sterling. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The carrying amount of the Group's lease obligations approximates their fair value.

Notes to the Financial Statements continued

Year ended 31 March 2023

22. Share capital

	Called up, allotted, and fully paid	
	2023 £000	2022 £000
Ordinary shares of 10 pence each	18,427	18,397
Movement in issued share capital		
Number of shares at 31 March 2021		175,880,470
Issue of shares – placing		7,751,938
Exercise of share options – Share option schemes		334,970
Number of shares at 31 March 2022		183,967,378
Exercise of share options – Share option schemes		298,595
Number of shares at 31 March 2023	184,265,973	

The share capital of the Company consists only of fully paid ordinary shares with a nominal (par) value of £0.10 per share. There are no restrictions on the ability of shareholders to receive dividends, nor on the repayment of capital. All ordinary shares are equally eligible to receive dividends and the repayment of capital in accordance with the Company's Articles of Association and represent one vote at shareholders' meetings of the Company.

At 31 March 2023 options in issue to Directors and employees were as follows:

Date option Granted	Option price per ordinary share	Date first exercisable	Date on which the exercise period expires	Number of ordinary shares 2023	Number of ordinary shares 2022
29 July 2014	nil p**	29 July 2017	29 July 2024	–	830
21 July 2015	nil p**	21 July 2018	21 July 2025	989	1,989
22 July 2016	nil p**	22 July 2019	21 July 2026	1,944	2,944
2 August 2017	nil p**	2 August 2020	2 August 2027	5,809	5,809
13 March 2018	675.4p*	1 April 2021	1 April 2022	–	1,599
24 July 2018	nil p**	24 July 2021	24 July 2028	54,441	96,002
11 March 2019	749.9p*	1 April 2022	1 April 2023	–	46,996
19 July 2019	nil p**	19 July 2022	19 July 2029	170,545	353,920
2 March 2020	947.0p	1 April 2023	1 April 2024	43,016	48,241
5 August 2020	nil p**	5 August 2023	5 August 2030	372,757	398,146
1 March 2021	903.2p*	1 April 2024	1 April 2025	81,216	86,670
22 July 2021	nil p**	22 July 2024	22 July 2031	300,444	319,922
8 August 2022	1060.3p*	8 August 2025	8 February 2026	72,429	–
21 July 2022	nil p**	21 July 2025	21 July 2032	443,218	–
				1,546,808	1,363,068

* SAYE (see note 23).

** LTIP (see note 23).

Own shares

The own shares reserve represents the cost of shares in Big Yellow Group PLC purchased in the market and held by the Big Yellow Group PLC Employee Benefit Trust, along with shares issued directly to the Employee Benefit Trust. 1,122,907 shares are held in the Employee Benefit Trust (2022: 1,122,907), and no shares are held in treasury.

23. Share-based payments

The Company has three equity share-based payment arrangements, namely an LTIP scheme (with approved and unapproved components), an Employee Share Save Scheme ("SAYE") and a Deferred Bonus Plan. The Group recognised a total expense in the year related to equity-settled share-based payment transactions of £3,735,000 (2022: £3,390,000).

Equity-settled share option plans

Since 2004 the Group has operated an Employee Share Save Scheme ("SAYE") which allows any employee who has more than six months service to purchase shares at a 20% discount to the average quoted market price of the Group shares at the date of grant. The associated savings contracts are three years at which point the employee can exercise their option to purchase the shares or take the amount saved, including interest, in cash. The scheme is administered by Globalshares.

On an annual basis since 2004 the Group awarded nil-paid options to senior management under the Group's Long Term Incentive Plan ("LTIP"). The awards are conditional on the achievement of challenging performance targets as described on page 103 of the Remuneration Report. The awards granted in 2019 vested to 90.1% of their potential. The weighted average share price at the date of exercise for options exercised in the year was £13.13 (2022: £14.84).

LTIP scheme	2023 No. of options	2022 No. of options
Outstanding at beginning of year	1,179,562	1,223,533
Granted during the year	504,431	382,433
Lapsed during the year	(83,846)	(176,404)
Exercised during the year	(250,000)	(250,000)
Outstanding at the end of the year	1,350,147	1,179,562
Exercisable at the end of the year	107,656	124,901

The weighted average fair value of options granted during the year was £2,795,000 (2022: £1,742,000).

Participants pay the nominal value of the shares when exercising options under the LTIP scheme.

Options outstanding at 31 March 2023 had a weighted average contractual life of 7.9 years (2022: 8.1 years).

Employee Share Save Scheme ("SAYE")	2023 No. of options	2023 Weighted average exercise price (£)	2022 No. of options	2022 Weighted average exercise price (£)
Outstanding at beginning of year	183,506	8.75	281,708	8.15
Granted during the year	72,715	10.60	–	–
Forfeited during the year	(10,965)	9.29	(13,232)	8.92
Exercised during the year	(48,595)	7.50	(84,970)	6.76
Outstanding at the end of the year	196,661	9.71	183,506	8.75
Exercisable at the end of the year	–	–	–	–

Options outstanding at 31 March 2023 had a weighted average contractual life of 1.7 years (2022: 1.6 years).

The inputs into the Black-Scholes model for the options granted during the year are as follows:

	LTIP	SAYE
Expected volatility	n/a	27%
Expected life	3 years	3 years
Risk-free rate	0.04%	0.04%
Expected dividends	2.6%	2.9%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the year prior to grant.

Notes to the Financial Statements continued

Year ended 31 March 2023

23. Share-based payments continued

Deferred bonus plan

The Executive Directors receive awards under the Deferred Bonus Plan. This is accounted for as an equity instrument. The plan was set up in July 2018. The vesting criteria and scheme mechanics are set out in the Directors' Remuneration Report.

24. Capital commitments

At 31 March 2023 the Group had £6.1 million of amounts contracted but not provided in respect of the Group's properties (2022: £20.9 million of capital commitments).

25. Events after the balance sheet date

There are no reportable post balance sheet events.

26. Cash flow notes

a) Reconciliation of profit after tax to cash generated from operations

	Note	2023 £000	2022 £000
Profit after tax		73,332	697,274
Taxation		1,977	1,602
Share of profit of associates		–	(3,677)
Other operating income	3	(2,185)	–
Investment income		(9)	(1,412)
Finance costs		17,027	10,604
Operating profit		90,142	704,391
Loss/(gain) on the revaluation of investment properties	14a, 15	29,861	(597,224)
Gain on disposal of investment property		–	(584)
Depreciation of plant, equipment, and owner-occupied property	14b	888	857
Depreciation of lease liability capital obligations	14a,14b	1,569	1,659
Employee share options	6	3,735	3,390
Cash generated from operations pre working capital movements		126,195	112,489
Increase in inventories		(13)	(71)
(Increase)/decrease in receivables		(740)	1,550
Increase in payables		3,531	6,422
Cash generated from operations		128,973	120,390

26. Cash flow notes continued

b) Reconciliation of net cash flow movement to net debt

	Note	2023 £000	2022 £000
Net decrease in cash and cash equivalents in the year		(276)	(3,717)
Cash flow from increase in debt financing ⁽¹⁾		(74,492)	(32,235)
Change in net debt resulting from cash flows		(74,768)	(35,952)
Debt consolidated following Armadillo acquisition		–	(50,900)
Movement in net debt in the year		(74,768)	(86,852)
Net debt at the start of the year		(411,830)	(324,978)
Net debt at the end of the year	18A	(486,598)	(411,830)

⁽¹⁾ Made up of a net increase of £117.0 million in the RCF facility, repayment of the Armadillo loans of £39.5 million and repayments of the Aviva facility of £3.0 million (2022: made up of a net reduction of £53.5 million in the RCF facility, an increase of £50 million in the M&G facility, an increase of £50 million in the Aviva facility, repayments of the Aviva facility of £2.9 million, and repayments of the Armadillo loans of £11.4 million).

In line with IAS 1.41, this disclosure note has been represented to provide further detail and consistency in both years.

27. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Armadillo

As described in note 14, the Group had a 20% interest in Armadillo Storage Holding Company Limited and a 20% interest in Armadillo Storage Holding Company 2 Limited. The Group acquired the remaining interest in both companies that it did not own on 1 July 2021. From this date, the Companies were wholly owned subsidiaries of the Group and hence the transactions subsequent to that date are not disclosable. Up to the date of acquisition in 2021, the Group entered into transactions with the Companies on normal commercial terms and earned management fees of £238,000 from Armadillo 1 and £87,000 from Armadillo 2.

Key management personnel remuneration

Key management personnel are made up of our Executive and Non-Executive Directors, and in the current year following changes in the composition of the Board, a key Director of our main trading subsidiaries. The remuneration of the key management personnel of the Group, is set out below in aggregate. Further information on the remuneration of individual Directors is found in the audited part of the Directors' Remuneration Report on pages 104 to 111.

	31 March 2023 £000	31 March 2022 £000
Short term employee benefits	1,989	1,923
Post-employment benefits	91	87
Share-based payments	3,253	2,813
	5,333	4,823

AnyJunk Limited

Jim Gibson is a Non-Executive Director and shareholder in AnyJunk Limited and Adrian Lee is a shareholder in AnyJunk Limited. During the year AnyJunk Limited provided waste disposal services to the Group on normal commercial terms, amounting to £16,000 (2022: £10,000).

Notes to the Financial Statements continued

Year ended 31 March 2023

27. Related party transactions continued

London Children's Ballet

The Group signed a Section 106 agreement with Wandsworth Council relating to the development of our Battersea store, which required the Group to provide cultural space to Wandsworth Borough Council. In 2021, the Group granted a twenty year lease over this space to London Children's Ballet at a peppercorn rent, who in turn have agreed to enter into a Social Agreement with Wandsworth Borough Council coterminous with the lease. Jim Gibson is the Chairman of Trustees of the London Children's Ballet. London Children's Ballet rent storage space from the Group on normal commercial terms, amounting to £3,000 during the year (2022: £3,000). The Group sponsored a performance of the London Children's Ballet during the year, amounting to £8,000 (2022: £nil).

Doncaster Security Operations Centre Limited ("DSOC")

The Group has invested £588,000 in DSOC. DSOC provided alarm and CCTV monitoring services to the Group under normal commercial terms during the year, amounting to £301,000 (2022: £281,000).

Treepoints Limited

Jim Gibson is a Non-Executive Director and an investor in City Stasher Limited, which in turn has a minority investment in Treepoints Limited. Treepoints Limited provided offsetting tree planting services in respect of our online packing material sales, under normal commercial terms during the period, amounting to £8,000 (2022: £3,000).

Ukrainian Sponsorship Pathway UK

Nicholas Vetch and Heather Savory are trustees of 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 which was made in May 2022 of £50,000 (2022: £nil).

No other related party transactions took place during the years ended 31 March 2023 and 31 March 2022.

Company Balance Sheet

Year ended 31 March 2023

	Note	2023 £000	2022 £000
Non-current assets			
Plant, equipment, and owner-occupied property	30a	1,681	1,721
Investment in subsidiary companies	30b	35,085	31,350
Amounts owed by Group undertakings	31	800,436	764,740
		837,202	797,811
Current assets			
Trade and other receivables	31	853	148
Cash and cash equivalents		1	1
		854	149
Total assets		838,056	797,960
Current liabilities			
Trade and other payables	32a	(6,806)	(5,829)
Obligations under lease liabilities		(30)	(29)
		(6,836)	(5,858)
Non-current liabilities			
Obligations under lease liabilities		(44)	(69)
Bank borrowings	32b	(215,431)	(98,451)
		(215,475)	(98,520)
Total liabilities		(222,311)	(104,378)
Net assets		615,745	693,582
Equity			
Share capital	22	18,427	18,397
Share premium account		290,857	289,923
Reserves	28	306,461	385,262
Equity shareholders' funds		615,745	693,582

The Company reported a loss for the financial year ended 31 March 2023 of £2.6 million (2022: profit of £258.8 million). The financial statements and the income statement were approved by the Board of Directors and authorised for issue on 22 May 2023. They were signed on its behalf by:

Jim Gibson
Director

John Trotman
Director

Company Registration No. 03625199

The accompanying notes form part of the financial statements.

Financial Statements

Company Statement of Changes in Equity

Year ended 31 March 2023

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2022	18,397	289,923	74,950	1,795	309,536	(1,019)	693,582
Total comprehensive loss for the year	–	–	–	–	(2,576)	–	(2,576)
Issue of share capital	30	934	–	–	–	–	964
Dividend	–	–	–	–	(79,960)	–	(79,960)
Credit to equity for equity-settled share-based payments	–	–	–	–	3,735	–	3,735
At 31 March 2023	18,427	290,857	74,950	1,795	230,735	(1,019)	615,745

The Company's share capital is disclosed in note 22.

The own shares balance represents amounts held by the Employee Benefit Trust (see note 22).

Year ended 31 March 2022

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2021	17,588	192,218	74,950	1,795	116,047	(1,019)	401,579
Total comprehensive income for the year	–	–	–	–	258,797	–	258,797
Issue of share capital	809	97,705	–	–	–	–	98,514
Dividend	–	–	–	–	(68,698)	–	(68,698)
Credit to equity for equity-settled share-based payments	–	–	–	–	3,390	–	3,390
At 31 March 2022	18,397	289,923	74,950	1,795	309,536	(1,019)	693,582

The accompanying notes form part of the financial statements.

Notes to the Financial Statements continued

Year ended 31 March 2023

28. (Loss)/profit for the year

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the Company is not presented as part of these financial statements. The loss for the year attributable to equity shareholders dealt with in the financial statements of the Company was £2.6 million (2022: profit of £258.8 million).

29. Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for plant, equipment and owner-occupied property and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of group settled share-based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements have been prepared on the historic cost basis except that derivative financial instruments are stated at fair value. The Company's principal accounting policies are the same as those applied in the Group financial statements.

Going concern

See note 2 for the review of going concern for the Group and the Company.

Investment in subsidiaries

These are recognised at cost less provision for any impairment.

Bank borrowings

This is the Revolving Credit Facility Loan which is held by the Company. Please see note 19 for further information.

IFRIC 11, IFRS 2 Group and Treasury Share Transactions

The Company makes equity settled share-based payments to certain employees of certain subsidiary undertakings. Equity settled share-based payments that are made to the employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest. This is the only addition to investment in subsidiaries in the current year.

Notes to the Financial Statements continued

Year ended 31 March 2023

30. Non-current assets**a) Plant, equipment, and owner-occupied property**

	Freehold property £000	Leasehold improve-ments £000	Fixtures, fittings & office equipment £000	IFRS 16 leases £000	Total £000
Cost					
At 31 March 2022	2,212	46	9	174	2,441
Additions	29	–	–	3	32
At 31 March 2023	2,241	46	9	177	2,473
Accumulated depreciation					
At 31 March 2022	(635)	(7)	–	(78)	(720)
Charge for the year	(43)	(1)	(2)	(26)	(72)
At 31 March 2023	(678)	(8)	(2)	(104)	(792)
Net book value					
At 31 March 2023	1,563	38	7	73	1,681
At 31 March 2022	1,577	39	9	96	1,721

b) Investments in subsidiary companies

	Investment in subsidiary undertakings £000
Cost	
At 31 March 2022	31,350
Additions	3,735
At 31 March 2023	35,085

The Directors assessed the carrying value of the investment in subsidiary undertakings for indicators of impairment. There were no indications of impairment.

30. Non-current assets continued

The Group's subsidiaries are all wholly-owned, the Group holds 100% of the voting power and the companies are incorporated, registered, and operate in England and Wales. The registered office of all subsidiaries is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT. All subsidiaries are included in the consolidated accounts. The subsidiaries at 31 March 2023 are listed below:

Name of subsidiary	Principal activity
Apollo Self Storage Limited	Self storage
Armadillo Self Storage Limited	Self storage
Armadillo Self Storage 2 Limited	Self storage
Armadillo Storage Holding Company Limited	Holding Company
Armadillo Storage Holding Company 2 Limited	Holding Company
Armadillo Storage 1 Limited	Holding Company
.Big Yellow Self Storage (GP) Limited	General Partner
.Big Yellow Self Storage Company Limited	Self storage
Big Yellow (Battersea) Limited	Self storage
The Big Yellow Construction Company Limited	Construction management
The Big Yellow Holding Company Limited	Holding Company
Big Yellow Limited Partnership	Self storage
Big Yellow Nominee No. 1 Limited	Dormant
Big Yellow Nominee No. 2 Limited	Dormant
Big Yellow Self Storage Company 1 Limited	Dormant
Big Yellow Self Storage Company 2 Limited	Dormant
Big Yellow Self Storage Company 3 Limited	Dormant
Big Yellow Self Storage Company 4 Limited	Dormant
Big Yellow Self Storage Company A Limited	Self storage
Big Yellow Self Storage Company M Limited	Self storage
Big Yellow (Wapping 2) Limited	Self storage
BYRCo Limited	Property management
BYSSCo A Limited	Dormant
BYSSCo Limited	Self storage
Kator Storage Limited	Dormant
The Last Mile Company Limited	Holding Company
Quickstore Storage Limited	Self storage

In addition, the Group has a 100% interest in Pirbright Holdings Limited, a company registered in the British Virgin Islands. The company was acquired during the prior year, and the Group is in the process of liquidating the company.

In addition, the Group has a 100% interest in Pramerica Bell Investment Trust Jersey, a trust registered in Jersey.

Notes to the Financial Statements continued

Year ended 31 March 2023

30. Non-current assets continued

Audit exemption statement

All subsidiary undertakings of Big Yellow Group PLC are included in the consolidated Financial Statements of the Group. The subsidiary undertakings noted below are exempt from the Companies Act 2006 (the 'Act') requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act, as Big Yellow Group PLC has guaranteed the liabilities of them under Section 479C of the Act. The members of these companies have not required them to obtain an audit of their financial statements for the year ended 31 March 2023:

Name of subsidiary	Name of subsidiary
Apollo Self Storage Limited	Big Yellow Self Storage Company 1 Limited
Armadillo Self Storage Limited	Big Yellow Self Storage Company 2 Limited
Armadillo Self Storage 2 Limited	Big Yellow Self Storage Company 3 Limited
Armadillo Storage Holding Company Limited	Big Yellow Self Storage Company 4 Limited
Armadillo Storage Holding Company 2 Limited	Big Yellow (Wapping 2) Limited
Armadillo Storage One Limited	BYRCo Limited
.Big Yellow Self Storage (GP) Limited	BYSSCo Limited
Big Yellow (Battersea) Limited	BYSSCo A Limited
The Big Yellow Construction Company Limited	Kator Storage Limited
Big Yellow Holding Company Limited	The Last Mile Company Limited
Big Yellow Nominee No. 1 Limited	Quickstore Storage Limited
Big Yellow Nominee No. 2 Limited	

Under paragraph 7 of SI 2008 No 569 Big Yellow Limited Partnership is exempt from the requirement under paragraph 4 of that SI to prepare their annual accounts and reports, and have them audited, on the basis that the partnership is dealt with on a consolidated basis in the consolidated financial statements of the Company.

31. Trade and other receivables

	31 March 2023 £000	31 March 2022 £000
Non-current		
Amounts owed by Group undertakings	800,436	764,740
Current		
Prepayments and accrued income	853	148

Amounts owed by Group undertakings are unsecured. The Company recharges its external interest cost to its subsidiaries. Amounts owed by Group undertakings have historically had immaterial levels of bad debt, and the Directors have assessed for Expected Credit Losses and concluded that it would be immaterial.

32. Creditors

a) Trade and other payables

	31 March 2023 £000	31 March 2022 £000
Current (all due within one year)		
Other payables	6,348	5,530
Accruals and deferred income	458	299
	6,806	5,829

b) Bank borrowings

	31 March 2023 £000	31 March 2022 £000
Bank loan	216,000	99,000
Unamortised loan arrangement costs	(569)	(549)
	215,431	98,451

Notes to the Financial Statements continued

Year ended 31 March 2023

33. Glossary

Absorption	The rate of growth in occupancy assumed within the external property valuations from the current occupancy level to the assumed stable occupancy level.
Adjusted earnings growth	The increase in adjusted eps year-on-year.
Adjusted eps	Adjusted profit after tax divided by the diluted weighted average number of shares in issue during the financial year.
Adjusted NAV	EPRA NTA adjusted for an investment property valuation carried out at purchasers' costs of 2.75%, see note 13.
Adjusted Profit Before Tax	The Company's pre-tax EPRA earnings measure with additional Company adjustments, see note 10.
Average net achieved rent per sq ft	Storage revenue divided by average occupied space over the financial year.
Average rental growth	The growth in average net achieved rent per sq ft year-on-year.
BREEAM	An environmental rating assessed under the Building Research Establishment's Environmental Assessment Method.
Carbon intensity	Carbon emissions divided by the Group's average occupied space.
Closing net rent per sq ft	Annual storage revenue generated from in-place customers divided by occupied space at the balance sheet date.
Committed facilities	Available undrawn debt facilities plus cash and cash equivalents.
Consolidated EBITDA	Consolidated EBITDA calculated in accordance with the terms of the Group's Revolving Credit Facility Agreement.
Debt	Long-term and short-term borrowings, as detailed in note 19, excluding lease liabilities and debt issue costs.
Earnings per share (eps)	Profit for the financial year attributable to equity shareholders divided by the average number of shares in issue during the financial year.
EBITDA	Earnings before interest, tax, depreciation, and amortisation.
EPRA	The European Public Real Estate Association, a real estate industry body. This organisation has issued Best Practice Recommendations with the intention of improving the transparency, comparability, and relevance of the published results of listed real estate companies in Europe.
EPRA earnings	The IFRS profit after taxation attributable to shareholders of the Company excluding investment property revaluations, gains/losses on investment property disposals and changes in the fair value of financial instruments.
EPRA earnings per share	EPRA earnings divided by the average number of shares in issue during the financial year, see note 12.
EPRA NTA per share	EPRA NTA divided by the diluted number of shares at the year end.
EPRA net tangible asset value (EPRA NTA)	IFRS net assets excluding the mark-to-market on interest rate derivatives, deferred taxation on property valuations where it arises, and intangible assets. It is adjusted for the dilutive impact of share options.
Equity	All capital and reserves of the Group attributable to equity holders of the Company.
Gross property assets	The sum of investment property and investment property under construction.
Gross value added	The measure of the value of goods and services produced in an area, industry, or sector of an economy.
Interest cover	The ratio of operating cash flow divided by interest paid (before working capital movements, exceptional finance costs, capitalised interest, and changes in fair value of interest rate derivatives). This metric is provided to give readers a clear view of the Group's financial position.
Like-for-like occupancy	Excludes the closing occupancy of new stores acquired, opened, or closed in the current financial year in both the current financial year and comparative figures. In 2023 this excludes Aberdeen, Harrow, Hayes, Hove, Kingston North, Uxbridge, and the Armadillo stores.
Like-for-like store revenue	Excludes the impact of new stores acquired, opened or stores closed in the current or preceding financial year in both the current year and comparative figures. In 2023 this excludes Aberdeen, Harrow, Hayes, Hove, Kingston North, Uxbridge, and the Armadillo stores.
LTV (loan to value)	Net debt expressed as a percentage of the external valuation of the Group's investment properties.
Maximum lettable area (MLA)	The total square foot (sq ft) available to rent to customers.
Move-ins	The number of customers taking a storage room in the defined period.
Move-outs	The number of customers vacating a storage room in the defined period.
NAV	Net asset value.
Net debt	Gross borrowings less cash and cash equivalents.
Net initial yield	The forthcoming year's net operating income expressed as a percentage of capital value, after adding notional purchaser's costs pre administrative expenses.
Net operating income	Store EBITDA after an allocation of central overhead.
Net operating income on stabilisation	The projected net operating income delivered by a store when it reaches a stable level of occupancy.
Net promoter score (NPS)	The Net Promoter Score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. The Company measures NPS based on surveys sent to all its move-ins and move-outs.

33. Glossary continued

Net Renewable Energy Positive	Big Yellow's strategy is that by 2030 the Group will generate as much renewable energy as it is able to across its store portfolio and meet any remaining Scope 1 and Scope 2 emissions via the retirement of REGOs from offsite energy generation.
Net rent per sq ft	Storage revenue generated from in place customers divided by occupancy.
Net Zero Strategy	The Group's published strategy to have Net Zero Scope 1, 2 and 3 Emissions.
Non like-for-like stores	Stores excluded from like-for-like metrics, as they were acquired, opened or closed in the current or preceding financial year. In 2023 this excludes Aberdeen, Harrow, Hayes, Hove, Kingston North, Uxbridge, and the Armadillo stores.
Occupancy	The space occupied by customers divided by the MLA expressed as a %.
Occupied space	The space occupied by customers in sq ft.
Other storage related income	Packing materials, insurance, and other storage related fees.
Pipeline	The Group's development sites.
Property Income Distribution (PID)	A dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax-exempt property rental business, and which is taxable for UK-resident shareholders at their marginal tax rate.
REGO	Renewable Energy Guarantees of Origin
REIT	Real Estate Investment Trust. A tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain conditions.
REVPAF	Total store revenue divided by the average maximum lettable area in the period.
Store EBITDA	Store earnings before interest, tax, depreciation, and amortisation, see reconciliation in the portfolio summary.
Store revenue	Revenue earned from the Group's open self storage centres.
TCFD	Task Force on Climate Related Financial Disclosure.
Total shareholder return (TSR)	The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional units of shares.

Financial Statements

Ten Year Summary

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m
Results										
Revenue	188.8	171.3	135.2	129.3	125.4	116.7	109.1	101.4	84.3	72.2
Operating profit before gains and losses on property assets	120.0	106.6	81.5	80.0	76.7	70.9	65.3	59.9	48.4	39.5
Cash flow from operating activities	112.0	107.1	76.7	73.6	72.2	63.0	56.0	55.5	42.4	32.8
Profit before taxation	75.3	698.9	265.8	93.4	126.9	134.1	99.8	112.2	105.2	59.8
Adjusted profit before taxation	106.0	96.8	74.6	71.0	67.5	61.4	54.6	49.0	39.4	29.2
Net assets	2,182.4	2,184.4	1,453.9	1,163.9	1,123.9	981.1	890.4	829.4	750.9	594.1
Diluted EPRA earnings per share	56.5p	52.5p	42.4p	42.1p	41.4p	38.5p	34.5p	31.1p	27.1p	20.5p
Declared total dividend per share	45.2p	42.0p	34.0p	33.8p	33.2p	30.8p	27.6p	24.9p	21.7p	16.4p
Key statistics										
Number of stores open**	108	105	78	75	74	74	73	71	69	66
Store MLA (000 sq ft)	6,292	6,098	4,930	4,688	4,622	4,631	4,551	4,464	4,344	4,170
Sq ft occupied (000)**	5,088	5,107	4,201	3,781	3,810	3,730	3,551	3,363	3,178	2,832
Occupancy (decrease)/ increase in year (000 sq ft)*	(19)	906	420	(29)	80	179	188	185	346	200
Closing net rent per sq ft**	£32.48	£29.92	£28.71	£28.15	£27.28	£26.74	£26.03	£25.90	£25.23	£24.85
Number of occupied rooms**	73,000	73,000	62,000	56,500	56,000	55,000	52,500	50,000	47,250	41,800
Average number of employees during the year**	465	427	370	361	347	335	329	318	300	289

* The occupancy growth in 2015, 2017, 2022 and 2023 includes the acquisition of existing stores.

** From 2022 this includes the Armadillo stores, which the Group acquired the remaining 80% of which it did not previously own on 1 July 2021.