

Chief Executive's Statement

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Trading

We are pleased to have delivered a set of results that are testament to the underlying resilience of our business. The significant increase in interest rates to tackle higher inflation and tighter mortgage borrowing conditions following the Russian invasion of Ukraine, added to by the negative headlines and volatility around the UK economy last Autumn, does, as we've said in the past, have an impact on our demand at the margin, particularly for those making bigger ticket decisions.

Over the year there has been a significant increase in the cost of living, driven by energy, fuel and food inflation, which is having a disproportionate impact on those with lower incomes. However, we have not seen that distress come through to our customer base, where bad debts have not increased from last year, and our aged debtors remain below their pre-Covid levels. Unemployment remains at very low levels and our customers on the whole are storing goods or individual possessions that are of value to them, and our customer base is largely comprised of those from higher income groups.

Self storage is not immune to these external shocks and resultant uncertainty, but this performance alongside our track record since the Global Financial Crisis, demonstrates our ability to navigate these headwinds. Finally, as with last year, we are seeing a return to occupancy growth in May, with an improving demand picture.

People

As ever, our progress reflects the steadfast commitment of our people who have worked extremely hard this year.

After seeing elevated levels of staff turnover post-Covid in the second half of 2021 and the first half of 2022, we have seen a consistent improvement and overall our levels of staff turnover are now in line with the pre-Covid period. Very pleasingly, the level of vacancies in the business is at historic lows, with a significant drop in leavers in the final quarter.

Salary increases last year were on average 5.3%, with average bonuses of 10%, and we have recently awarded an average salary increase from 1 April of 5.6%. Recognising that our employees at the lower end of our pay scales have seen a disproportionate impact from rising prices, we made two cost of living payments over the Winter, principally in Customer Service and the stores. This was very well received.

Given the investment we have made in recent years in the automation of our store operations, particularly in relation to interaction with prospects and customers, we continue to review every vacancy before making a decision to recruit with a view to achieving savings this year through the salary line. Automation is also relevant to many other aspects of our business, including head office functions and we currently have a moratorium in place on any further recruitment with the bias being towards technological advance. As with the stores, we will continue to review staffing levels at our Bagshot headquarters.

Our brand is now our biggest recruitment tool, with direct recruitment through various digital channels now representing 80%, with 20% through more traditional agencies.

In addition to gender, we have made significant improvements to our culture and practices in respect of diversity, and these are set out in our Gender and Inclusivity Report, which is available on our corporate website, and has been formally filed for 2022. Inclusivity and Diversity in our business is very much driven by a committee of colleagues from throughout the business and is something that will remain a focus, as we believe diversity has a positive impact on culture and performance.

We continue to invest in development, as this has benefits, not just around performance, but also around retention. We moved much of our training to a new learning and development platform over the Covid period and this has had significant improvements to efficiency of delivery, monitoring, and control and hence outcomes. Other new initiatives such as "Meet our Experts" using internal talent, and a new updated mystery shopping programme following feedback from the stores are further examples. In addition, following our 2021 engagement survey, we have taken 19 actions covering areas such as rotas, store bonus metrics, internal communication, store cover, store feedback, development, training, benefits, and others. The next survey is taking place currently and hopefully this response will result in continued high levels of engagement with the survey.

Investment in our operating platform and systems

The march of automation in business continues, and we have focused on investing in technology to improve efficiency right from when Big Yellow was founded. We have always invested in the security and automation of our stores, allowing access out of opening hours, and this is something we continue to upgrade and improve as security is always very high up in the considerations of anyone looking to use self storage.

The arrival of search and smartphones, along with investments we have made in software development and external SaaS programmes means that our prospect and customer interactions and experience are unrecognisable from twenty years ago. Our stores have been paperless since 2020 and we continue to invest in automating certain repetitive tasks to improve productivity in our day-to-day store operations. Examples of this currently in process are credit card payments and prospect handling, the latter to allow our digital platforms to do more around prospect and customer interaction.

The improvements to our Big Yellow mobile and desktop platforms are incremental and continuous and now allow a prospect to determine the unit size required, get a quote, and reserve a room in a matter of minutes. Customers can now check-in online before arriving at the store, and this process has reduced significantly the time taken to process a move-in, with a simple ID check, discussion around contents cover, and then payment. As previously mentioned, we will always look to optimise the use of our resource at stores, however, we will always need someone on site for a certain number of hours in the day principally to carry out key tasks, one of the most important being the security and protection of our assets, which cannot be done just by using CCTV cameras, particularly in large, busy stores. At the same time, when on site, our store team members provide customer service, particularly to our business customers who are more regular visitors; carry out the necessary due diligence around security and health and safety; keep the stores clean and presentable; drive ancillary sales; and follow up on prospects, particularly for those who have reserved. Although IDs are uploaded during the check-in online process, it is our policy to see the original and ensure the customer moving-in is the same person. This is not just about the security of our assets, it is also important for our customers when visiting our stores, often alone, that those in the building have been vetted in some way.

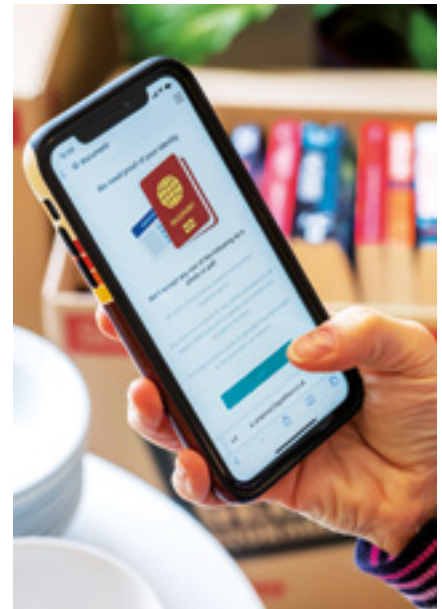
Automation and the use of SaaS programmes are also something we invest in to improve efficiency of many of our centralised functions, and by way of example, the progress we have made in our finance function has allowed us to maintain control of headcount, despite the significant increase in the size of the business.

Generative AI is the current hot topic, and we are reviewing how it can help us improve efficiency, particularly in relation to some of our head office functions, such as people and development and, marketing. We will continue to monitor, review and adopt where it makes commercial sense and improves efficiency within the business.

The cyber threat remains, and we continue to invest in our digital security, and review the effectiveness of all the tools we deploy.

In relation to our estate, we have invested around £3 million over the last two to three years upgrading the security across the portfolio, including improving monitoring of our stores centrally overnight. We consider security to be fundamental to our customer offering both to the customer and in relation to their goods, equipment or personal possessions. Maintaining our estate is something we also believe strongly in and have invested £4.7 million this year on the repair and maintenance of our stores, all of which is expensed through the Income Statement.

“ Over 90% of our customers use check-in online.



Thinking ahead

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Chief Executive's Statement continued

ESG

One of our key strategic objectives is around sustainability and the ESG framework. As part of this, a key objective is to be Net Renewable Energy Positive by 2030. This will be achieved through the investment in solar across our estate and we have completed 23 of the initial 36 retrofit solar installations to date with a total of 53 stores now having solar. In addition, we are looking to put solar on our Armadillo stores with surveys currently taking place. The investment in solar, not only being good for the planet, is reducing our reliance on external energy supply. Our current installed solar capacity is 4.5 Megawatts, an increase of 94% over the year. We estimate that this is currently saving the business £0.5 million per year. This will continue to increase as we make further progress towards our objective of being self-sufficient in energy.

We have completed a rigorous process with the Science Based Targets initiative to have our targets certified by them, and these are reported in more detail in the ESG section. Our focus will now be working towards achieving these over the coming seven years. Scope 1 and Scope 2 are within our control, and for the Scope 3 targets, we will need to engage significantly with our supplier network.

There is an important requirement in relation to the energy efficiency of commercial real estate with a deadline in 2027 for all buildings to have A to C EPC certification. This is increasingly becoming relevant for valuers and indeed purchasers of existing self storage centres. We have recently had all of our buildings assessed and 98% comply, with two Armadillo stores rated D. We have planned investment in these stores, including solar, which we believe will improve their energy efficiency ratings. This is a pleasing result, and reflective of the fact that most of our portfolio is developed from scratch and is largely purpose-built.

Given the human rights concerns we had around the supplier of our solar panels, with a move to a new Norwegian supplier at the end of 2021, we have this year carried out a Supply Chain Risk assessment and engaged with the top 80% of our value chain. Key areas for consideration were around slavery and human rights more generally. We believe that it is important to have a like-minded supply change consistent with the Big Yellow culture, and this is something we will continue to progress over the coming years.

“ Our current installed solar capacity is 4.5 Megawatts, an increase of 94% over the year. ”

I am delighted to be able to announce that since its formation in 2017, the Big Yellow Foundation has made grants to our charity partners of £762,000, all of whom focus on the rehabilitation of vulnerable people into work. Following a review, our relationship with two of these seven charities has come to an end after five years and we are in the process of replacing them. Working Chance is the first of our new charity partners and is the only UK charity working to help women with convictions find employment. We are also in discussions with Supporting Wounded Veterans, a charity focussing on those who are physically and mentally wounded to move forward with rehabilitation into employment. We continue to run work placements and were very pleased over the year to have candidates coming into our business for job experience recommended by Street League, Breaking Barriers, and the Down's Syndrome Association.

Finally, and very importantly, we have always tried to provide free and discounted space to charities serving local communities to our stores, and our community investment over the last year has been approximately £271,000.





Summary

Our investment case remains to provide consistent compounding returns from both income and growth from a secure capital structure, and the key constituents of our business model developed over the last twenty plus years are set out below:

- a high quality and growing portfolio of freehold properties delivering higher operating margins;
- a focus on London and the South East and other large urban conurbations, where the drivers in the self storage market are at their strongest and the barriers to competition are at their highest;
- continuing innovation and automation;
- an inclusive and non-hierarchical culture with a highly engaged team;
- a focus on delivering the highest levels of customer service;
- delivering on our strong ESG commitments;
- the UK's leading self storage brand, with high and growing public awareness and online strength; and
- strong cash flow generation from a secure capital structure.

Jim Gibson
Chief Executive Officer

22 May 2023

Our Strategy

Brand, platform, and customer service

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

Real estate

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

Approximately 60% of our current annualised store revenue derives from within the M25; for London and the South East, the proportion of current annualised store revenue is 75%. With our store development pipeline largely in London and the South East, we would expect these proportions to increase over the medium term.

New supply and competition is a key risk to our business model, hence our focus on London and its commuter towns, where barriers to entry in terms of competition for land and difficulty around obtaining planning are highest. We continue to see limited new supply growth in our key areas of operation. Looking back over the last five years, we estimate capacity growth in London of approximately 2-3% per annum. In 2022, there have been only five store openings in London (including three Big Yellow stores), and we anticipate seven new stores in London in 2023, including one Big Yellow store opening.

Creating shareholder value

We continue to believe that the medium-term opportunity to create shareholder value consists of driving revenue and cash flow from our existing portfolio through continued investment in sustainability, our people, culture, and digital operating and marketing platforms. In addition, we aim to deliver external growth as new stores open through continued investment in our development pipeline, and selectively acquiring existing storage centres from smaller operators.

1. New prospects

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

2. Customer satisfaction

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

We focus on the following nine key areas:

3. Driving revenue

Growing occupancy and net rent to drive revenue optimally at each store

As a REIT our key financial objective is to produce sustainable returns for shareholders through a relatively low leverage, low volatility, high distribution business. In addition, any successful business must have an effective sustainability strategy, particularly around climate change, and this continues to be a key strategic focus for our business.

Our stores are on average 58,000 sq ft, compared to an industry average of approximately 44,000 sq ft (source: UK Self Storage Association 2023 Annual Survey). The upside from filling our larger than average sized stores is, in our view, only possible in large metropolitan markets.

As our operating costs are relatively fixed, larger stores in bigger urban conurbations, particularly London, drive higher revenues and higher operating margins.

Capital structure

Following the Global Financial Crisis and the ensuing economic recession, we have materially reduced the financial risk within the business and diversified our sources of debt, whilst at the same time, increasing our store platform by deploying significant capital investment. We measure leverage by looking at our interest cover and that has increased from 1.9 times in 2008 to 7.7 times for the year ended 31 March 2023. Our objective is to not let this fall below 5 times, compared to the consolidated EBITDA covenant of 1.5 times. We manage this business on the basis that an external economic shock could potentially happen at any time. This is reinforced by the performance of the business during the pandemic, where we delivered a strong trading performance whilst at the same time continuing to invest and expand.

Self storage demand drivers

Economic activity and change are key drivers of self storage demand and are greatest in the larger urban conurbations, and in particular London and the South East. The structural changes consisting of the conversion of ex-industrial brownfield land to other uses, in particular residential;

the reduction in home ownership and increased proportion of those choosing to rent; increasing density of living with new properties being built with optimised living space and very little provision for storage; will continue and are resulting in increased demand for our product. These changes have resulted in a significant shortage of available warehousing space, particularly in London, which has been accentuated by the current crisis.

Self storage provides a convenient flexible solution to businesses such as online retailers, importers and exporters, service providers, the public sector, and marketing companies looking for mini-warehousing space.

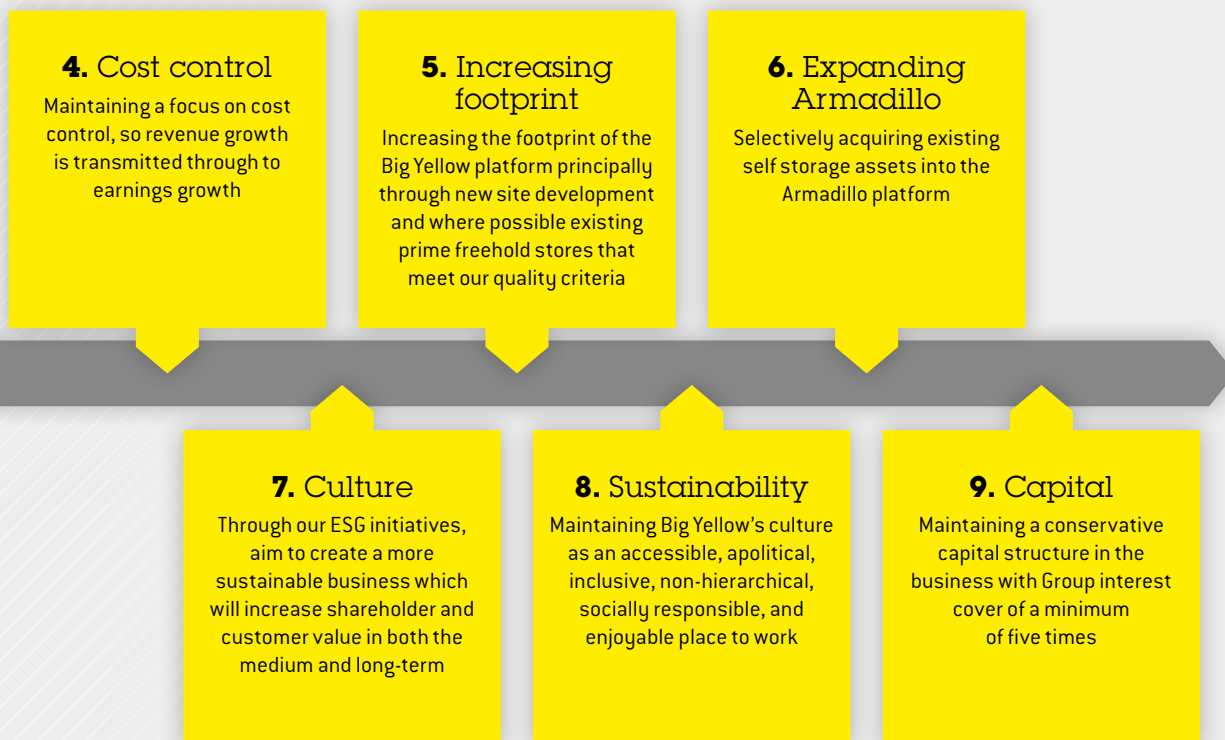
In addition to domestic customers taking space to declutter their homes, our largest customer base is those using us short-term around an event, such as moving home, refurbishment, inheritance, household formation, separation, relocation, and students.

Resilience

The location of our stores, brand, security, and most importantly customer service, together with the diversity of use in our 73,000 occupied rooms, serve better than any lease contract in providing income security.

The business proved to be relatively resilient, but not immune during the Global Financial Crisis and recession of 2007 to 2009, with London and the South East proving to be less volatile. Since 2020, the Group has grown its revenue by 46%.

80% of our customers pay by direct debit, and our cash collection has remained robust over recent years.



Our Investment Case

In the twenty three years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return ("TSR"), including dividends reinvested, of 13.9% per annum, in aggregate 1,871.5% at the closing price of 1,169p on 31 March 2023. This compares to 4.4% per annum for the FTSE Real Estate Index and 5.0% per annum for the FTSE All Share index over the same period. We feel this illustrates the power of compounding of consistent incremental returns over the longer term.

Our values

Helpfulness

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

Empathy

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

Flexibility

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

Innovativeness

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

Integrity

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

How we deliver value

Attractive market dynamics

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

Our competitive advantage

- UK industry's most recognised brand with over 90% of enquiries now online
- Prominent stores on arterial or main roads, with extensive frontage and high visibility
- Continuous innovation and investment into our mobile and desktop digital channels
- Strong customer satisfaction and NPS scores reflecting excellent customer service
- 6.3 million sq ft UK footprint, with development pipeline of 0.9 million sq ft
- Primarily freehold estate concentrated in London and South East and other larger urban conurbations
- Larger average store capacity – economies of scale, higher operating margins
- Secure financing structure with strong balance sheet
- Continued significant investment in sustainability and our culture



Evergreen income streams

- 73,000 occupied rooms, with customers from a diverse base – individuals, SMEs, and national customers
- Average length of stay for existing customers of 31 months
- 38% of customers in stores greater than two-year length of stay, a further 16% for one to two years
- Low bad debt expense (0.2% of revenue in the year)

Strong growth opportunities

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

Conversion into quality returns

High margins

Freehold assets for high operating margins and operational advantage

Sustainable

Low technology and obsolescence product, maintenance capex fully expensed

Annual compound adjusted eps

14%

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

Cash flow

15%

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

Dividend pay-out

80%

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

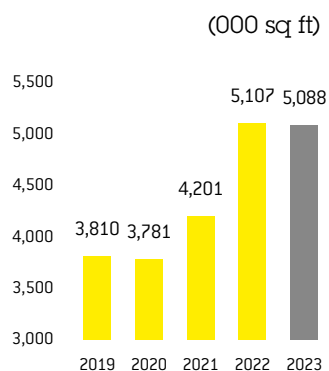
Our Key Performance Indicators

The Group's KPIs are shown in the charts below. The key performance indicators of our stores are occupancy and net rent per sq ft, which together drive the revenue of the business. These are the key measures which are focused on by the Board and are reported on a weekly basis.

Closing Occupancy

5,088,000 sq ft

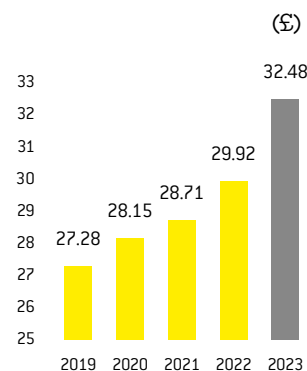
+34% over 5 years



Closing net rent per sq ft

£32.48

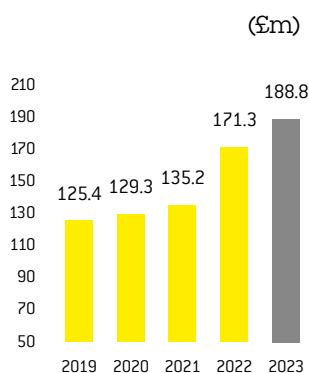
+19% over 5 years



Revenue

£188.8m

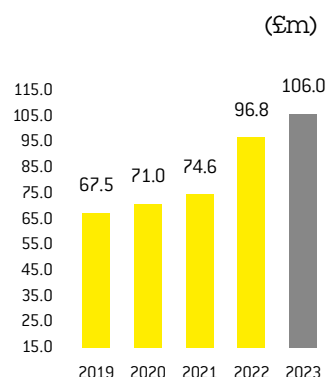
+51% over 5 years



Adjusted profit before tax

£106.0m

+57% over 5 years



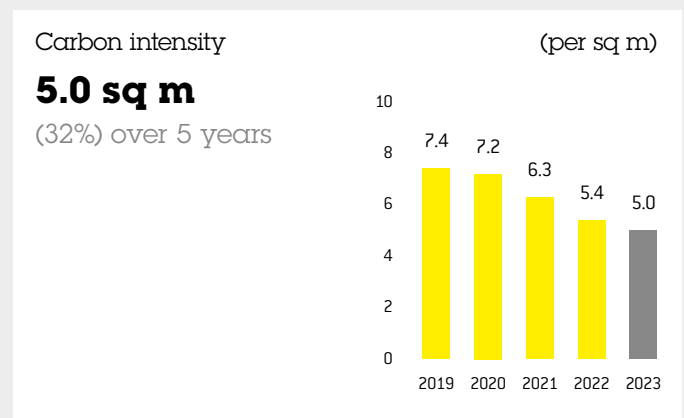
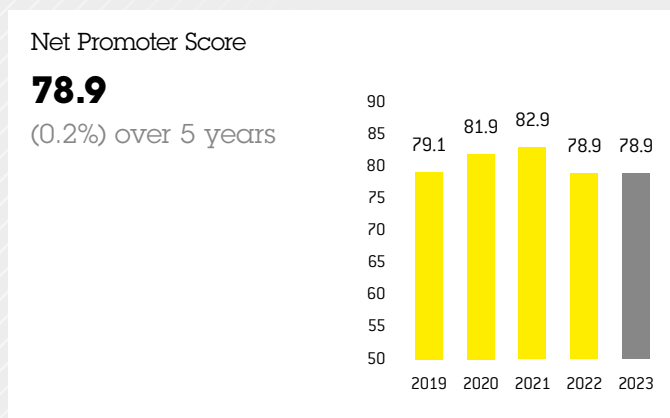
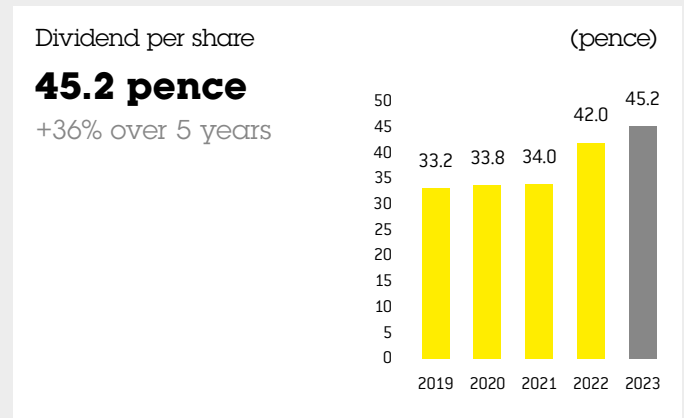
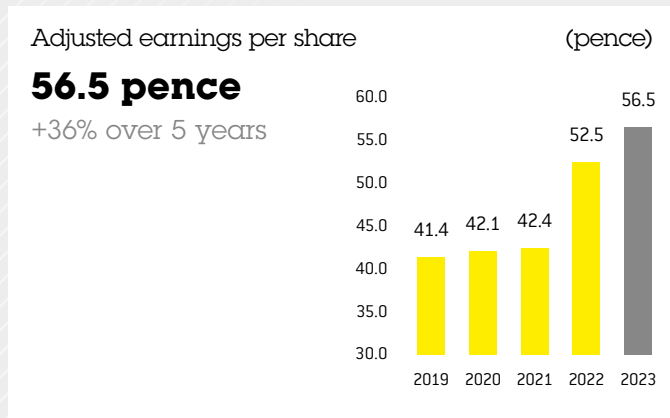
Over the course of the past five years, revenue has grown significantly, with Armadillo included in our consolidated results from 1 July 2021. We saw particularly strong growth in 2021 and 2022, after a weaker 2020 following the Brexit uncertainty and the initial impact of the UK lockdown in response to Covid-19. The current year has seen a reduction in occupancy, but revenue has grown by 10%, with improvements in average rate, and the full year benefit of the Armadillo acquisition.

In 2019 closing net rent per sq ft increased by 2%, by 3% in 2020, by 2% in 2021 by 4% in 2022 and by 9% in the year to 31 March 2023. The like-for-like growth in the prior year was 11%, with the acquired Armadillo stores at a lower average net rent reducing the reported growth for that year. We expect revenue growth to be driven by a combination of occupancy increases and growth in net achieved rent per sq ft.

Adjusted profit before tax and adjusted earnings per share ("eps"), as defined in note 33, which drive the distributions to shareholders (as our dividend policy is to pay a minimum of 80% of adjusted earnings as dividends) are also KPIs. The Group focuses on adjusted profit and earnings measures as they give a clearer picture of the Group's trading performance without distortion from external factors such as property valuations and the fair value of derivatives. We have delivered compound adjusted eps and dividend growth of 8% over the past five years. Compound adjusted eps growth since 2004/5 is 14%.

Our non-financial KPIs are the net promoter scores we receive from our customers and the carbon intensity of the Group's business. The Group's net promoter score received from its customers during the year was 78.9 (2022: 78.9). We believe this overall score compares very favourably with other consumer-facing businesses.

The Group has reduced its carbon intensity (our carbon emissions divided by our average occupied space) by 32% over the past five years. This has been achieved through investment in renewable technology, roof mounted solar photo-voltaic systems, and LED lighting across the Group's portfolio.



Operating Review

Self storage demand is spread across a diverse set of drivers, and is largely driven by need, with security, convenience, quality of product, service and location being key factors.



The store platform and demand

We now have a portfolio of 108 open and trading stores, with a current maximum lettable area of 6.3 million sq ft.

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

- customers renting storage space whilst moving represented 41% of move-ins during the year (2022: 41%), with homeowners representing 27% and renters 14%. The rental market was impacted during the pandemic, and we do expect the proportion of renters to increase to more normal levels offsetting some of the slowdown in the owner-occupied market as we adjust to higher costs of mortgages;
- 11% of our customers who moved in took storage space as a spare room for decluttering (2022: 12%);
- 37% of our customers used the product because some event had occurred in their lives generating the need for storage; they may be moving abroad for a job, have inherited possessions, are getting together, or separating, are students who need storage during the holidays, or homeowners developing into their lofts or basements (2022: 34%);
- the balance of 11% of our new customer demand during the year came from businesses (2022: 13%), who stay longer and represent around 20% of our customers in store at any one time, occupying 37% of the space.

Of our overall occupied space today, customers who are longer stay lifestyle users, decluttering into small rooms as an extension to their accommodation, occupy 10% to 15% of our space; approximately 50% of the space is customers using it for less than 12 months, for reasons which are largely event driven, which could be inheritance, moving in the owner occupied or rental sector, home improvements, travelling; the balance of 37% of our space is businesses.

The average space occupied by business customers at the year-end is 179 sq ft (2022: 180 sq ft). Domestic customers occupy on average 59 sq ft (2022: 59 sq ft) and pay on average 18% more in rent per sq ft (2022: 21%), however business customers do stay longer and take more space and represent around 33% of revenue (2022: 32%).

The pandemic accelerated many structural changes that were already occurring, such as the move to online retailing and an increase in working from home facilitated by technological advances. The deindustrialisation of big cities with the conversion of commercial space into residential and other uses, has led to a shortage of suitable flexible mini-warehouse space from which to operate small scale storage and e-fulfilment, particularly in London. These developments, along with businesses increasingly seeking flexible office and storage space rather than longer inflexible leases, have been driving our demand. We believe these are long-term structural trends, which will benefit our business going forward.

From research we have previously carried out, a typical small business using storage employs around three people and 60% of them are early-stage businesses and for 50% of them this is their only space.

In addition, we have a dedicated national customers team for businesses who wish to occupy space in multiple stores. These customers on average occupy approximately 900 sq ft, paying £25,000 per annum, and are billed and managed centrally. This area has performed strongly in the year with revenue up 16% compared to the prior year, making up 4% to 5% of occupied space.

Activity

The table below shows the quarterly move-in and move-out activity over the year for all of our stores:

	Total move-ins Year ended 31 March 2023	Total move-ins Year ended 31 March 2022	%	Total move-outs Year ended 31 March 2023	Total move-outs Year ended 31 March 2022	%
April to June	23,427	24,401	(4)	18,620	18,023	3
July to September	27,126	25,712	5	28,867	27,425	5
October to December	19,368	19,428	–	23,302	22,890	2
January to March	18,878	18,553	2	18,519	18,451	–
Total	88,799	88,094	1	89,308	86,789	3

Operating Review continued

The table on the previous page is indicative of what we have experienced over the year, which is more muted trading conditions, with activity levels broadly flat. The first quarter last year benefited from the tapering off of the stamp duty holiday on 1 July 2021 which accelerated housing-related demand. The year-on-year fall would have been greater had we not seen a record performance from students in June this year, following the reopening of all campuses in the last academic year. The Group's move-outs increased in the second quarter by 5% compared to last year, largely as a result of these students moving out. Move-ins and move-outs over the second half of the year were broadly in line with the prior year.

The occupancy of the stores fell over the year by 58,000 sq ft (2022: fall of 69,000 sq ft). Additionally, the Group acquired a 53,000 sq ft store in Aberdeen, which had occupancy of 39,000 sq ft at the date of acquisition. The overall decrease in the Group's occupancy over the year was therefore 19,000 sq ft.

The Group grew occupancy over the first six months of the financial year, with the gains principally coming from our domestic and student customers. In our seasonally weakest third quarter, we lost 3.8 ppts of occupancy, similar to the prior year. Our fourth quarter started well with a strong January, but has been relatively muted since. We believe this to be partially as a result of the uncertainty caused by the US regional bank crisis and customers continuing to acclimatise to a higher cost of debt environment. We can say that move-out levels are also subdued at the moment, and as mentioned previously, we are not seeing stress amongst our customers. We saw a similar hesitancy in demand in the prior year following the Russian invasion of Ukraine, with activity levels returning to more normal levels by the end of May 2022.

The 75 established Big Yellow stores are 84.2% occupied compared to 86.8% at the same time last year. The 9 developing Big Yellow stores added 113,000 sq ft of occupancy over the year to reach closing occupancy of 60.4%. The 24 Armadillo stores are 76.9% occupied, compared to 83.1% at this time last year. Overall store occupancy was 80.9% (2022: 83.7%).

	Occupancy 31 March 2023 %	Occupancy change in year 000 sq ft	Occupancy 31 March 2023 000 sq ft	Occupancy 31 March 2022 000 sq ft
75 established Big Yellow stores	84.2%	(74)	3,979	4,053
9 developing Big Yellow stores	60.4%	113	352	239
All 84 Big Yellow stores	81.6%	39	4,331	4,292
24 Armadillo stores	76.9%	(58)	757	815
All 108 stores	80.9%	(19)	5,088	5,107

All stores are trading profitably at the EBITDA level, with our most recent openings Harrow and Kingston North reaching break even in April 2023.

Yield management

We offer a headline opening promotion of 50% off for up to the first 8 weeks, and we continue to manage pricing dynamically, taking account of room availability, customer demand and local competition. Our pricing model reduces promotions and increases asking prices where individual units are in scarce supply. Rental growth can also be driven through sub-dividing larger rooms into smaller rooms, which yield a higher net rent per sq ft.

In the more muted trading environment against the backdrop of higher inflation, we have been increasing promotions to new customers, and achieving higher average rate growth from existing customers who stay with us longer term. Many customers move-in and out of our business over relatively short periods and don't receive any price increases.

The average achieved net rent per sq ft increased by 10% compared to the prior year, with closing net rent up 9% compared to 31 March 2022. The table below shows the change in net rent per sq ft for the portfolio by average occupancy over the year (on a non-weighted basis). The analysis excludes our most recent store openings.

Average occupancy in the year	Number of stores	Net rent per sq ft growth from April 2022 to March 2023	Net rent per sq ft growth from April 2021 to March 2022
70% to 85%	47	8.3%	10.8%
85% to 90%	47	8.7%	11.7%
Above 90%	7	9.7%	13.0%

The self storage market

In the recently published 2023 Self Storage Association UK Survey, only 44% of those surveyed had a reasonable or good awareness of self storage. Furthermore, only 9% of the 2,102 adults surveyed were currently using self storage or were thinking of using self storage in the next year. Our research has this figure of awareness at around 56%, compared to 51% for the SSA survey last year. Self storage is therefore not a commoditised product, such as hotels, taxis, cinemas etc, and it will take many years of use and growing awareness before it becomes so, particularly given the subdued growth in new supply.

Growth in new facilities across the industry has been largely in regional areas of the UK and particularly in smaller towns. Historically, new supply creation in our core markets in London and the South East, has been difficult, with high land values driven by competing uses such as residential and urban industrial. In London in the year to 31 December 2022, there were five new store openings, including three Big Yellow stores. We are aware of seven planned store openings in London in the calendar year 2023, including our landmark 103,000 sq ft Kings Cross store.

The Self Storage Association (“SSA”) estimates that the UK industry is made up of approximately 1,492 self storage facilities and 739 purely container operations, providing 55.5 million sq ft of self storage space, equating to 0.82 sq ft per person in the UK. This compares to 9.4 sq ft per person in the US, 1.9 sq ft per person in Australia and 0.17 sq ft for mainland Europe, where the roll-out of self storage is a more recent phenomenon (sources: UK Self Storage Association Surveys, May 2020, and May 2023 and FEDESSA European Self Storage Annual Survey 2022).

Marketing and operations

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

Our annual YouGov survey (published April 2023) again confirmed that the brand awareness of Big Yellow remained ahead of other UK operators in the sector. The survey shows our unprompted brand awareness to be nearly five times higher than our nearest competitor across the UK.

The Big Yellow website allows users to browse different room sizes, obtain a price, reserve online and check-in online prior to arriving at the stores which are automated in terms of access once a customer moves-in.

The online customer experience also allows customers to communicate with us in real-time via Live Chat, WhatsApp, or Facebook Messenger. The comprehensive online FAQs provide our users with another way to ask questions they may have about the service without needing to call us directly. This is critical because approximately 70% of our new customers have not used self storage before.

The seamless digital experience continues with our online check-in platform. This allows customers to complete the majority of their move-in process remotely. They can upload their photo and identity documents, sign the full customer licence, set up authorised persons, complete their storage inventory and set up a paperless Direct Debit – all done remotely. This check-in online capability has significantly cut down the time our customers need to spend in our receptions when they move-in. The final process is completed through our in-store digital signature pads.

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

“ Our brand awareness is five times higher than our nearest competitor.



Market leading brand awareness

Our YouGov survey (published April 2023) and the Self Storage Association’s You Gov survey (published January 2023) again confirmed Big Yellow’s brand awareness remained significantly ahead of our competitors.

The SSA commissioned survey showed our brand awareness to be over five times higher than our nearest competitor.

Operating Review continued

Driving online traffic

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

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

Brand search terms are also a valuable driver of enquiries for Big Yellow and help improve the efficiencies of our cost per enquiry. 34% of all traffic generated from search engines to our website originated from “Big Yellow” brand searches in the year. This clearly indicates that brand is important in driving higher levels of prospects and customer referrals, leading to improved operational efficiencies. We have demonstrated this through significant improvements in the performance of existing storage centres following their acquisition, re-branding, and assimilation into our business.

Search engine marketing remains our largest source of paid for web traffic. Ongoing website optimisation and an engaging user experience through our digital platforms helps ensure we maximise the conversion of these web visits into enquiries and then customers. Digital display advertising enables us to regionally target audiences in the market for self storage, raising consideration of the service and the Big Yellow brand through engaging creatives.

Online customer reviews and social media

Supporting our values of putting the customer at the heart of our business, our online customer reviews generate real-time feedback from customers and provide positive word of mouth referral to our website visitors. Through our ‘Big Impressions’ customer feedback programme, we ask our new customers to rate our service. With the users’ permission, we then publish these independent customer reviews on the Big Yellow website which currently total over 44,000 averaging 4.8 out of 5.

The Big Impressions programme also generates customer feedback on their move-in and move-out experience. These customer reviews and mystery shop results are transparently accessible across the business and helps reinforce our focus on outstanding customer service. Over the year, we have achieved an average net promoter score of 78.9, which is a very strong consumer-facing benchmark result.

We also gain real-time customer feedback from over 19,000 Google Reviews averaging 4.7 out of 5. These help to enhance our visibility within local search listings conveying trust in the Big Yellow brand. Additionally, we have over 3,700 reviews from the independent review site TrustPilot. These reviews average a 4.6 out of 5-star rating, labelled as “Excellent” on the TrustPilot ratings scale. We monitor our customer reviews and respond where necessary for customer service reasons or to manage our online reputation and improve our service offering.

Social media continues to be complementary to our existing marketing channels. Big Yellow actively posts content across Twitter, Facebook and Instagram which help to raise awareness of our ESG activities. These social channels are also used by customers to connect with us and are monitored in real-time, enabling us to respond promptly to any enquiries. The Big Yellow LinkedIn platform is used to communicate company achievements, ESG initiatives and our company culture and the Big Yellow YouTube channel is used to allow web prospects to experience our stores online through our video guides to self storage.

We will continue to invest in improving the customer experience and user journey across all our digital marketing channels and also in-store operations to achieve higher levels of automation and hence efficiencies in the business.

ESG

Last year we developed a long-term strategy to become Net Renewable Energy Positive and deliver Net Zero Scope 1 and 2 Emissions targets, which will be funded with significant investment from the Group over the next few years. The main delivery vehicle for this new strategy will be the installation of solar generation capacity onto our existing store estate.

By 2028, we expect to have completed a multi-million pound investment in renewable energy generation both on the roofs of our estate and also at other locations. We published last year our Strategy document that sets out our Commitments, Actions and Timelines to become 100% Renewable Energy Positive and Net Zero Scope 1 and 2 Emissions by 2030.

The sustainability performance highlights for the year are:

- we have had our Science Based Targets externally verified;
- we have invested £4.7 million in our solar programme over the year and now have 53 stores with solar and have expanded the programme to all stores. Our current peak capacity has increased over the past two years from 0.9 Megawatts to 4.5 Megawatts;
- we have donated £271,000 in Community Investment. This consists of a combination of free and discounted space to worthy local charitable organisations and not-for-profits and we house different organisations, from foodbanks to small community groups to NHS partners and also BoxShop products donated;
- £204,000 has been raised for the Foundation from customer donations and employee fundraising including the matched contributions from the Company. These funds allowed us to make grants of £193,000 to our partner charities in the year;
- we have delivered five successful and all-round enriching work placements with Breaking Barriers, Street League and the Down’s Syndrome Association;
- we have maintained our GRESB Green Star rating, achieved a B award from CDP and maintained our ISS indices rating; and
- we obtained our second EPRA sBPR Gold Award.

Cyber security and IT infrastructure

Cyber security remains high on the agenda within the Group, and we make investment where required in response to the ever-changing threat landscape. Using both external specialists and in-house knowledge we perform regular reviews of our cyber risk and security posture. Testing of both systems and people is carried out on a regular basis, including penetration testing and phishing simulations. During the year the Group's systems were subject to an external audit and maintained our IASME Gold certification. This also incorporates Cyber Essentials. The Board receives bi-monthly reports on the Group's IT infrastructure and information security. The Group has not experienced an information security breach in the past three years and has cyber insurance in place in the event that a breach should occur in the future.

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

Development pipeline

An important aspect of our external growth is the development of new stores, particularly in London, where there are very few existing assets suitable to be acquired. Over the last year, we added 193,000 sq ft of capacity through opening new stores in Harrow and Kingston North (both London) and acquiring an existing freehold store in Aberdeen. We are looking forward to opening our landmark Kings Cross store in June, which we expect to perform strongly.

The status of the Group's development pipeline is summarised in the table below:

Site	Location	Status	Anticipated capacity
Kings Cross, London	Prominent location on York Way	Store opening in June 2023.	103,000 sq ft
Wembley, London	Prominent location on Towers Business Park	Site acquired in October 2018. Planning consent granted. Discussions ongoing to secure vacant possession.	70,000 sq ft
Queensbury, London	Prominent location off Honeypot Lane	Site acquired in November 2018. Planning consent granted.	70,000 sq ft
Slough Bath Road	Prominent location on Bath Road	Site acquired in April 2019. Planning consent granted.	90,000 sq ft
Slough Farnham Road	Prominent location on Farnham Road	Site acquired in June 2022. Planning consent granted. Demolition completed and construction to commence in Summer 2023 with a view to opening in Summer 2024.	Replacement for existing leasehold store of a similar size
Wapping, London	Prominent location on the Highway, adjacent to existing Big Yellow	Site acquired in July 2020. Planning application refused. Appeal submitted with public inquiry set for July 2023 with decision likely in August 2023.	Additional 95,000 sq ft
Staines, London	Prominent location on the Causeway	Site acquired in December 2020. Planning consent granted. In addition, consent was received to develop 9 industrial units totalling 99,000 sq ft.	65,000 sq ft
Epsom, London	Prominent location on East Street	Site acquired in March 2021. Planning application submitted in September 2022. Application likely to be refused and an appeal submitted.	58,000 sq ft
Kentish Town, London	Prominent location on Regis Road	Site acquired in April 2021. Planning application submitted in December 2022. Application likely to be refused and an appeal submitted.	68,000 sq ft
West Kensington, London	Prominent location on Hammersmith Road	Site acquired in June 2021. Planning application submitted in February 2023.	175,000 sq ft
Old Kent Road, London	Prominent location on Old Kent Road	Site acquired in June 2022. Planning discussions underway with the local Council.	75,000 sq ft
Staples Corner, London	Prominent location on North Circular Road	Site acquired in December 2022. Planning discussions underway with the local Council.	Replacement for existing leasehold store, additional 18,000 sq ft
Newcastle	Prominent location on Scotswood Road	Planning consent granted.	60,000 sq ft
Total			947,000 sq ft

Portfolio Summary

	March 2023					March 2022 ⁽⁵⁾				
	Big Yellow Established ⁽¹⁾	Big Yellow Developing	Total Big Yellow	Armadillo	Total	Big Yellow Established	Big Yellow Developing	Total Big Yellow	Armadillo ⁽²⁾	Total
Number of stores	75	9	84	24	108	74	7	81	24	105
At 31 March:										
Total capacity (sq ft)	4,724,000	584,000	5,308,000	984,000	6,292,000	4,670,000	447,000	5,117,000	981,000	6,098,000
Occupied space (sq ft)	3,979,000	352,000	4,331,000	757,000	5,088,000	4,053,000	239,000	4,292,000	815,000	5,107,000
Percentage occupied	84.2%	60.4%	81.6%	76.9%	80.9%	86.8%	53.5%	83.9%	83.1%	83.7%
Net rent per sq ft	£34.66	£29.93	£34.28	£22.20	£32.48	£32.04	£26.26	£31.71	£20.45	£29.92
For the year:										
REVPAF ⁽³⁾	£33.19	£19.76	£31.84	£20.27	£30.02	£31.61	£16.75	£30.64	£19.83	£28.73
Average occupancy	87.0%	57.7%	84.0%	82.1%	83.7%	89.0%	56.8%	86.9%	86.0%	86.7%
Average annual net rent psf	£33.39	£29.10	£33.10	£21.33	£31.28	£30.63	£23.94	£30.35	£19.69	£28.48
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Self storage income	136,925	8,809	145,734	17,177	162,911	127,313	4,426	131,739	18,137	149,876
Other storage related income ⁽³⁾	18,523	1,401	19,924	2,691	22,615	19,474	949	20,423	3,080	23,503
Ancillary store rental income	1,028	165	1,193	20	1,213	840	83	923	19	942
Total store revenue	156,476	10,375	166,851	19,888	186,739	147,627	5,458	153,085	21,236	174,321
Direct store operating costs (excluding depreciation)	(38,644)	(4,482)	(43,126)	(7,437)	(50,563)	(37,422)	(2,896)	(40,318)	(7,614)	(47,932)
Short and long leasehold rent ⁽⁴⁾	(1,983)	–	(1,983)	(170)	(2,153)	(1,934)	–	(1,934)	(564)	(2,498)
Store EBITDA ^(3,5)	115,849	5,893	121,742	12,281	134,023	108,271	2,562	110,833	13,058	123,891
Store EBITDA margin	74.0%	56.8%	73.0%	61.8%	71.8%	73.3%	46.9%	72.4%	61.5%	71.1%
Deemed cost	£m	£m	£m	£m	£m					
To 31 March 2023	714.6	142.0	856.6	142.0	998.6					
Capex to complete	–	0.8	0.8	–	0.8					
Total	714.6	142.8	857.4	142.0	999.4					

⁽¹⁾ The Big Yellow established stores have been open for more than three years at 1 April 2022, and the developing stores have been open for fewer than three years at 1 April 2022.

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

⁽³⁾ See glossary in note 33.

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

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



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



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



Cambridge, January 2016
MLA – 60,000 sq ft



Enfield, April 2015
MLA – 60,000 sq ft



Chester, February 2015
MLA – 69,000 sq ft



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



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



Chiswick, April 2012
MLA – 73,000 sq ft



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



Stockport, September 2011
MLA – 65,000 sq ft



Eltham, April 2011
MLA – 70,000 sq ft



Camberley, January 2011
MLA – 67,000 sq ft



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



Reading, December 2009
MLA – 62,000 sq ft



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



Poole, August 2009
MLA – 55,000 sq ft



Nottingham, August 2009
MLA – 67,000 sq ft



Edinburgh, July 2009
MLA – 63,000 sq ft



Twickenham, May 2009
MLA – 73,000 sq ft



Liverpool, March 2009
MLA – 60,000 sq ft



Bromley, March 2009
MLA – 71,000 sq ft



Birmingham, February 2009
MLA – 60,000 sq ft



Sheen, December 2008
MLA – 64,000 sq ft



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



Kennington, May 2008
MLA – 66,000 sq ft



Merton, March 2008
MLA – 70,000 sq ft



Fulham, March 2008
MLA – 138,000 sq ft



Balham, March 2008
MLA – 61,000 sq ft



Barking, November 2007
MLA – 64,000 sq ft



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



Sutton, July 2007
MLA – 70,000 sq ft



Gloucester, December 2006
MLA – 50,000 sq ft



Edmonton, October 2006
MLA – 75,000 sq ft



Kingston, August 2006
MLA – 62,000 sq ft



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



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



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



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



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



Leeds, July 2005
MLA – 76,000 sq ft



Beckenham, May 2005
MLA – 71,000 sq ft



Tolworth, November 2004
MLA – 56,000 sq ft



Watford, August 2004
MLA – 64,000 sq ft



Swindon, April 2004
MLA – 53,000 sq ft



Orpington, December 2003
MLA – 64,000 sq ft



Byfleet, November 2003
MLA – 48,000 sq ft



Chelmsford, April 2003
MLA – 54,000 sq ft



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

Our Big Yellow Stores

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



Kingston North, September 2022
MLA – 56,000 sq ft



Harrow, September 2022
MLA – 82,000 sq ft



Aberdeen, June 2022
MLA – 54,000 sq ft



Hove, March 2022
MLA – 58,000 sq ft



Hayes, January 2022
MLA – 73,000 sq ft



Uxbridge, June 2021
MLA – 54,000 sq ft



Battersea, November 2020
MLA – 70,000 sq ft



Bracknell, September 2020
MLA – 59,000 sq ft



Camberwell, July 2020
MLA – 75,000 sq ft



Manchester, May 2019
MLA – 60,000 sq ft



Wapping, July 2018
MLA – 26,000 sq ft



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



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



Colchester, December 2002
MLA – 54,000 sq ft



Bow, November 2002
MLA – 132,000 sq ft



Brighton, October 2002
MLA – 59,000 sq ft



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



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



Hounslow, December 2001
MLA – 54,000 sq ft



Ilford, November 2001
MLA – 58,000 sq ft



Cardiff, October 2001
MLA – 74,000 sq ft



Portsmouth, October 2001
MLA – 61,000 sq ft



Norwich, September 2001
MLA – 47,000 sq ft



Dagenham, July 2001
MLA – 51,000 sq ft



Wandsworth, April 2001
MLA – 72,000 sq ft



Luton, March 2001
MLA – 41,000 sq ft



Southend, March 2001
MLA – 57,000 sq ft



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



Romford, November 2000
MLA – 70,000 sq ft



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



Cheltenham, April 2000
MLA – 50,000 sq ft



Slough, February 2000
MLA – 67,000 sq ft



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



Oxford, August 1999
MLA – 33,000 sq ft



Croydon, July 1999
MLA – 79,000 sq ft



Richmond, May 1999
MLA – 35,000 sq ft

Portfolio Summary continued

	Year ended 31 March 2023			Year ended 31 March 2022		
	Per above £000	Armadillo results as an associate £000	Statutory £000	Per above £000	Armadillo results as an associate £000	Statutory £000
Store revenue	186,739	–	186,739	174,321	(5,046)	169,275
Direct store operating costs	(50,563)	–	(50,563)	(47,932)	1,908	(46,024)
Rent	(2,153)	–	(2,153)	(2,498)	150	(2,348)
Store EBITDA	134,023	–	134,023	123,891	(2,988)	120,903

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

	Year ended 31 March 2023 £000			Year ended 31 March 2022 £000		
	Store EBITDA	Reconciling items	Gross profit per statement of comprehensive income	Store EBITDA	Reconciling items	Gross profit per statement of comprehensive income
Store revenue/Revenue ⁽⁶⁾	186,739	2,090	188,829	169,275	2,043	171,318
Cost of sales ⁽⁷⁾	(50,563)	(3,744)	(54,307)	(46,024)	(4,359)	(50,383)
Rent ⁽⁸⁾	(2,153)	2,153	–	(2,348)	2,348	–
	134,023	499	134,522	120,903	32	120,935

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

⁽⁷⁾ See reconciliation in cost of sales section in Financial Review on page 39.

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

Reconciliation of APMs

The table below reconciles the reported figures above to the like-for-like metrics the Group reports:

Like-for-like revenue	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Store revenue ⁽⁹⁾	186,739	169,275
Less revenue from non like-for-like stores ⁽⁹⁾	(23,889)	(17,475)
Like-for-like revenue ⁽⁹⁾	162,850	151,800

Like-for-like occupancy	Year ended 31 March 2023	Year ended 31 March 2022
Store MLA (sq ft) ⁽⁹⁾	6,292,000	6,098,000
Less MLA from non like-for-like stores (sq ft) ⁽⁹⁾	(1,359,000)	(1,165,000)
Like-for-like MLA (sq ft) ⁽⁹⁾	4,933,000	4,933,000
Store occupancy (sq ft) ⁽⁹⁾	5,088,000	5,107,000
Less occupancy from non like-for-like (sq ft) ⁽⁹⁾	(944,000)	(865,000)
Like-for-like occupancy (sq ft) ⁽⁹⁾	4,144,000	4,242,000
Like-for-like occupancy (%) ⁽⁹⁾	84.0%	86.0%

⁽⁹⁾ See glossary in note 33.

Financial Review

Revenue

Total revenue for the year was £188.8 million, an increase of £17.5 million (10%) from £171.3 million in the prior year. Like-for-like store revenue for the year was £162.9 million, an increase of 7% from the prior year (2022: £151.8 million). Like-for-like revenue excludes stores opened and acquired in the last two financial years, including the Armadillo stores, which the Group acquired in July 2021.

Included in store revenue is other storage related income, from the sale of packing materials, insurance/enhanced liability service ("ELS"), and storage related charges. This amounted to £22.6 million in the year (2022: £23.5 million).

The Group changed the way it sold contents protections to its customers on 1 June 2022 to an ELS, which is subject to VAT and not Insurance Premium Tax ("IPT"). Prior to 1 June 2022, IPT at 12% was paid to our insurance provider based on our total insurance revenue.

We decided not to pass on the entirety of the 20% VAT on the new ELS to our customers, and hence gross ELS revenue from 1 June is lower by 8%. However, because we can recover VAT and are no longer paying IPT, our cost of sales has also reduced. On a net basis, our profits from insurance/ELS remain largely unchanged.

The other revenue earned by the Group is tenant income on sites where we have not started development.

Operating costs

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

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

Category	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000	Change	% of store operating costs in 2023
Cost of sales (ELS and packing materials)	2,202	3,896	(43%)	4%
Staff costs	14,415	13,303	8%	28%
General & admin	2,032	1,776	14%	4%
Utilities	2,056	2,274	(10%)	4%
Property rates	15,221	14,036	8%	30%
Marketing	6,504	6,494	0%	13%
Repairs & maintenance	4,685	4,198	12%	9%
Insurance	2,757	1,479	86%	6%
Computer costs	1,001	929	8%	2%
Total before one-off items	50,873	48,385	5%	
One-off items	(310)	(453)		
Total per portfolio summary	50,563	47,932	5%	

Store operating costs have increased by £2.6 million (5%). The one-off items in both years are principally rates rebates where we have successfully appealed against the 2017 rating list. Store operating costs before these one-off items have increased by £2.5 million (5%) compared to the prior year. New stores accounted for £2.1 million of operating expense increase in the year. Cost of sales has decreased by £1.7 million following the move to selling an ELS rather than insurance (see explanation in revenue above). The remaining increase of £2.1 million (4%), is a pleasing result in the current inflationary environment. More specifically, we would comment as follows:

- Staff costs have increased by £1.1 million (8%) with store numbers and the salary review of on average 5% (including a 7% increase to those at the lower end of the pay scale).
- Marketing is in line with the prior year with continued efficiencies being achieved from our digital campaigns.
- Utilities has reduced by 10%, with our investment in solar, and during the year we have benefited from a fixed rate contract on energy which is due to expire on 30 September 2023.
- Insurance has increased by £1.3 million (86%). We saw a significant increase in our insurance premiums this year, from a combination of higher pricing in the insurance market, and the impact on our premiums of the fire at our Cheadle store in February 2022.
- The Group's bad debt expense for the year was 0.2%, in line with the prior year. The Group has not seen any deterioration in its aged debtors' profile over recent months.

However, looking to the year ending 31 March 2024, we are anticipating a step-up in operating costs, principally as a result of:

- the Group's property rates bill will increase by 19% (£3 million) on a like-for-like basis for the year ending 31 March 2024, following the Rating Revaluation published in November 2022;
- our store salary review for the year ending 31 March 2024 averaged 5.5%, with the lower paid staff seeing increases of on average 6%; and
- the Group has benefited from a fixed price energy contract since October 2020, which expires in September 2023. Energy costs have moderated significantly from their peak in 2022, but we still expect to see an increase from our current contracted pricing when we place the new contract over the Summer. As mentioned above, the significant acceleration in our solar retrofit programme will help over the medium term to significantly reduce our reliance on external energy supply and mitigate the volatility that can sometimes occur in the market. We have increased our renewable electricity generation by 94% from the prior year.

As highlighted in the Chief Executive's Statement, given the investment we have made in recent years in the automation of our store operations, particularly in relation to interaction with prospects and customers, we continue to review every vacancy before making a decision to recruit with a view to achieving savings this year through the salary line.

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

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Direct store operating costs per portfolio summary (excluding rent)	50,563	47,932
Rent included in cost of sales (total rent payable is included in portfolio summary)	1,551	1,633
Rent review accruals	–	607
Depreciation charged to cost of sales	496	378
Head office and other operational management costs charged to cost of sales	1,697	1,741
Armadillo cost of sales pre acquisition of remaining interest	–	(1,908)
Cost of sales per statement of comprehensive income	54,307	50,383

Store EBITDA

Store EBITDA for the year was £134.0 million, an increase of £13.1 million (11%) from £120.9 million for the prior year (see Portfolio Summary). The overall EBITDA margin for during the year was 71.8%, up from 71.1% in 2022.

All stores are currently trading profitably at the Store EBITDA level. Our stores at Hayes and Hove, which opened in the first quarter of 2022, reached break even in six and four months respectively, and our stores at Harrow and Kingston North, which both opened in September 2022 reached break even in seven months.

Administrative expenses

Administrative expenses in the statement of comprehensive income of £14.5 million were up £0.2 million compared to the prior year. The prior period expense contained £0.4 million due to the write-off of acquisition costs in relation to the purchase of the remaining interest in Armadillo in accordance with IFRS 3.

The normalised increase was therefore £0.6 million (4%), which is a below inflationary increase, following our focus on cost control during the year. The non-cash share-based payments charge represents £3.7 million of the overall £14.5 million expense (2022: £3.4 million of £14.4 million expense).

Other operating income

In February 2022 the Group experienced a fire at our Cheadle store, which resulted in a total loss to the store. Buildings all risk insurance is in place for the full reinstatement value with the landlord. We also have insurance cover in place for both our fit-out and four years loss of income. The loss of income received during the financial year was £1.4 million, which is included in other operating income.

In June 2021, the Group experienced a fire in the wine storage area of our Fulham store, which was isolated to a single section of the basement floor. During the year, the Group received full settlement from our insurers for the loss of income as a result of this fire, which amounted to £0.6 million, which is included in other operating income.

The Group acquired the freehold of its Oxford store in September 2022, thus extinguishing the right of use asset and liability in relation to the lease from the previous landlord. This extinguishment gave rise to a gain of £0.2 million, which is included in other operating income for the year.

Interest expense on bank borrowings

The gross bank interest expense for the year was £18.2 million, an increase of £6.4 million from the prior year, due to higher average debt levels in the year, coupled with the Group's higher average cost of debt following the increase in interest rates. The average cost of borrowing during the year was 4.2% compared to 2.8% in the prior year.

Capitalised interest on our construction programme was £2.8 million, up from £2.1 million in the prior year, with interest capitalised on our developments at Harrow, Kingston North and Kings Cross during the year.

Total finance costs in the statement of comprehensive income increased to £16.9 million from £10.6 million in the prior year.

Financial Review continued

Profit before tax

The Group made a profit before tax in the year of £75.3 million, compared to a profit of £698.9 million in the prior year. After adjusting for the gain on the revaluation of investment properties and other matters shown in the table below, the Group made an adjusted profit before tax in the year of £106.0 million, up 10% from £96.8 million in 2022.

Profit before tax analysis	2023 £000	2022 £000
Profit before tax	75,309	698,876
Loss/(gain) on revaluation of investment properties	29,861	(597,224)
Gain on disposal of investment property	–	(584)
Acquisition costs written off	–	416
Movement in fair value on interest rate derivatives	133	(1,389)
Refinancing costs	732	–
Share of associate fair value gains and losses	–	(3,293)
Adjusted profit before tax	106,035	96,802

The adjustments made to the Group's profit before tax are in line with guidance issued by EPRA. The gain on disposal of investment property in the prior year relates to an overage received from the previous sale of land adjacent to our Guildford Central store.

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

	£m
Adjusted profit before tax – year ended 31 March 2022	96.8
Increase in gross profit	13.6
Increase in administrative expenses	(0.6)
Increase in other operating income	2.2
Increase in net interest payable	(6.3)
Increase in capitalised interest	0.7
Reduction in share of adjusted profit of associates	(0.4)
Adjusted profit before tax – year ended 31 March 2023	106.0

Basic earnings per share for the year was 40.1p (2022: 385.4p) and diluted earnings per share was 39.8p (2022: 384.2p). Diluted EPRA earnings per share based on adjusted profit after tax was up 8% to 56.5p (2022: 52.5p) (see note 12). EPRA earnings per share equates to the Company's adjusted earnings per share in the current year.

REIT status

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

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

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

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

Taxation

There is a tax charge in the current year of £2.0 million. This compares to a charge in the prior year of £1.6 million. The increase in the current year tax charge reflects the increase in the Group's non-exempt taxable profits from the sale of insurance and packing materials over the year.

Dividends

The Board is recommending the payment of a final dividend of 22.9 pence per share in addition to the interim dividend of 22.3 pence, giving a total dividend for the year of 45.2 pence, an increase of 8% from the prior year, in line with our policy to distribute a minimum of 80% of our adjusted earnings per share in each reporting period.

REIT regulatory requirements determine the level of Property Income Distribution ("PID") payable by the Group. On the basis of the full year distributable reserves for PID purposes, a PID of 45.2p pence per share is payable (31 March 2022: 42.0 pence). The PID for the year to 31 March 2023 accounts for all of the declared dividend. The table below summarises the declared dividend for the year:

Dividend (pence per share)	31 March 2023	31 March 2022
Interim dividend	22.3p	20.6p
Final dividend	22.9p	21.4p
Total dividend	45.2p	42.0p

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.

Cash flow growth

The Group is strongly cash generative and draws down from its longer term committed facilities as required to meet its obligations. The Group's cash flow from operating activities pre-working capital movements for the year was £109.2 million, an increase of 10% from £99.3 million in the prior year. This reflects the Group's increase in profitability in the year.

These operating cash flows are after the ongoing maintenance costs of the stores, which were on average approximately £43,000 per store (2022: £40,000).

The Group's net debt has increased over the year to £486.6 million (March 2022: £411.8 million).

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Cash generated from operations pre-working capital movements	126.2	112.5
Net finance costs	(16.5)	(10.8)
Interest on obligations under lease liabilities	(0.7)	(0.8)
Loss of income insurance proceeds	2.0	–
Tax	(1.8)	(1.6)
Cash flow from operating activities pre-working capital movements	109.2	99.3
Working capital movements	2.8	7.9
Cash flow from operating activities	112.0	107.2
Capital expenditure	(106.4)	(105.2)
Acquisition of Armadillo	–	(66.7)
Disposal of investment property	–	0.6
Investment	–	(0.1)
Receipt from Capital Goods Scheme	0.2	0.4
Dividends received from associates	–	0.4
Cash flow after investing activities	5.8	(63.4)
Ordinary dividends	(79.2)	(68.7)
Issue of share capital	1.0	98.5
Payment of lease liabilities	(1.3)	(1.4)
Receipt from termination of interest rate derivatives	0.4	–
Loan arrangement fees paid	(1.5)	(0.9)
Increase in borrowings	74.5	32.2
Net cash outflow	(0.3)	(3.7)
Opening cash and cash equivalents	8.6	12.3
Closing cash and cash equivalents	8.3	8.6
Closing debt	(494.9)	(420.4)
Closing net debt	(486.6)	(411.8)

The Group's interest cover for the period (expressed as the ratio of cash generated from operations pre-working capital movements against interest paid) was 7.7 times (2022: 10.5 times). This is calculated per below:

	31 March 2023	31 March 2022
Cash generated from operations pre working capital movements (see note 26)	126,195	112,489
Interest paid per cash flow statement	(16,486)	(10,763)
Interest cover	7.7x	10.5x

In the year capital expenditure outflows were £106.4 million, up slightly from £105.2 million in the prior year. Of the capital expenditure in the year £62.4 million is for the acquisition of sites at Staples Corner, Old Kent Road and Slough Farnham Road, the freehold of our Oxford store, and an existing storage centre in Aberdeen (including acquisition costs), with £44.0 million principally relating to build costs of the new stores, the Harrow industrial scheme and the investment in our solar retrofit programme.

The cash flow after investing activities was a net inflow of £5.8 million in the year, compared to a net outflow of £63.4 million in 2022, with the prior year also including the acquisition of Armadillo.

Balance sheet

Property

The Group's open stores and stores under development owned at 31 March 2023, which are classified as investment properties, have all been valued individually by JLL.

The external valuation has resulted in an investment property asset value of £2.71 billion, comprising £2.42 billion (89%) for the freehold (including nine long leaseholds) open stores, £31.0 million (1%) for the short leasehold open stores and £260.7 million (9%) for the freehold investment properties under construction.

Financial Review continued

Investment property

There was a very significant increase in the valuation of our investment portfolio last year, and this year the valuations have remained relatively flat, with an increase of 1% on the open store portfolio (£27.6 million) – see note 15 for the detailed valuation methodology. This revaluation gain has been driven by an improvement in the cash flow of the stores, partly offset by an increase in the cap rates used in the valuation. Prime capitalisation rates have increased by on average 30 bps since the start of the financial year. The increase in cap rates applied was 12.5 bps for stores in London, 25 bps for stores in the South East and 50 bps for regional stores. Additionally, a further 25 bps was added to the cap rates for immature stores.

The table below provides a further breakdown of the open store valuations:

	Established		Developing		Armadillo	Total
	Freehold	Leasehold	Freehold	Largely Freehold		
Number of stores	70	5	9	24		108
MLA capacity (sq ft)	4,413,000	311,000	584,000	984,000		6,292,000
Valuation at 31 March 2023 (£m)	£1,990.7m	£31.0m	£277.3m	£150.6m		£2,449.6m
Value per sq ft	£451	£100	£475	£153		£389
Occupancy at 31 March 2023	84.3%	83.0%	60.4%	76.9%		80.9%
Stabilised occupancy assumed	89%	87%	86%	86%		88%
Net initial year one NOI yield	5.2%	16.4%	3.4%	7.2%		5.3%

The net initial year one NOI yield is 5.3% (2022: 5.2%). Note 15 contains more detail on the assumptions underpinning the valuations.

Investment property under construction

The Group spent £72.1 million on investment property under construction in the year, notably on the site purchases of Old Kent Road, Staples Corner and Slough, and construction expenditure, principally on Harrow, Kingston North, and Kings Cross. Harrow and Kingston North have transferred to investment property during the year as the stores opened.

The valuation movement on the investment property under construction is a deficit of £57.5 million with a reduction in the value of our industrial property and land without self storage planning in the development pipeline of around 19% in total, reflective of the new financing conditions and wider market environment for land.

In the prior year there was a gain on investment property under construction of £67.5 million, so the movement in the current year is largely a reversal of that increase. The investment property under construction is still valued above its historic cost.

Purchaser's cost adjustment

As in prior years, we have instructed an alternative valuation on our assets using a purchaser's cost assumption of 2.75% (see note 15 for further details) to be used in the calculation of our adjusted diluted net asset value. This Red Book valuation on the basis of the special assumption of 2.75% purchaser's costs, results in a higher property valuation at 31 March 2023 of £2.815 billion (£104.6 million higher than the value recorded in the financial statements). This translates to 56.5

The weighted average exit capitalisation rate used in the valuations was 5.6% in the current year, compared to 5.5% in the prior year.

Analysis of property portfolio	Value at 31 March 2023 (£m)	Revaluation movement in the year (£m)
Investment property	£2,449.6m	£27.6m
Investment property under construction	£260.7m	(£57.5m)
Investment property total	£2,710.3m	(£29.9m)

pence per share. This revised valuation translates into an adjusted net asset value per share of 1,237.3 pence (2022: 1,239.7 pence) after the dilutive effect of outstanding share options.

Receivables

The Group's bad debt expense in the year represented 0.2% of revenue compared to 0.2% in the prior year, with 80% of our customer base paying by direct debit.

The Group received its final instalment during the year under the Capital Goods Scheme, as a consequence of the introduction of VAT on self storage from 1 October 2012. The receivable related to VAT to be recovered on historic store development expenditure. The Group received £15.8 million under the Scheme, of which £0.2 million was received in the year.

Net asset value

The adjusted net asset value is 1,237.3 pence per share (see note 13), compared to 1,239.7 pence per share at 31 March 2022. The table below reconciles the movement:

Movement in adjusted net asset value	£m	Adjusted NAV pence per share
31 March 2022	2,284.2	1,239.7
Adjusted profit after tax	104.1	56.5
Equity dividends paid	(80.0)	(43.4)
Revaluation movements	(29.9)	(16.2)
Movement in purchaser's cost adjustment	4.0	2.2
Other movements (e.g. share schemes)	4.8	(1.5)
31 March 2023	2,287.2	1,237.3

Borrowings

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

The table below summarises the Group's debt facilities at 31 March 2023. The average cost of debt is 4.7% (March 2022: 3.1%).

Debt	Expiry	Facility	Drawn	Average interest cost
Aviva Loan	September 2028	£158.9 million	£158.9 million	3.4%
M&G loan	September 2029	£120 million	£120 million	5.2%
Revolving bank facility (Lloyds, HSBC, and Bank of Ireland)	October 2024	£240 million	£216 million	5.5%
Total	Average term 3.9 years	£518.9 million	£494.9 million	4.7%

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 half years with terms of between 7 and 15 years at short notice, typically 10 days.

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.

During the year, the Group refinanced its £120 million debt facility with M&G Investments ("M&G") for a seven-year term, with the new loan expiring in September 2029, secured against a portfolio of 15 assets. The existing facility was due to expire in June 2023. £35 million of this facility is currently fixed by way of a swap until June 2023, and the balance is variable.

The margin on the facility was reduced by 20bps from the expiring facility, reflective of improved portfolio performance, and the sustainability investments that Big Yellow has made over the past few years, and our planned investment in solar over the coming years as part of our Net Renewable Energy Positive Strategy.

The Group repaid the two Armadillo bank facilities during the year using the revolving bank facility. The Group also cancelled the two interest rate derivatives in place on the Armadillo facilities, which resulted in a payment to the Group of £0.4 million as the swaps were in-the-money.

The Group was comfortably in compliance with its banking covenants at 31 March 2023. Further details of the Group's covenants are provided in note 19 of the accounts.

The Group's key financial ratios are shown in the table below:

Metric	31 March 2023	31 March 2022
Net Debt / Gross Property Assets	18%	16%
Net Debt / Adjusted Net Assets	21%	18%
Net Debt / Market Capitalisation	23%	15%
Cash generated from operations pre-working capital movements against interest paid	7.7x	10.5x

At 31 March 2023, the fair value on the Group's interest rate derivatives was an asset of £0.3 million. The Group does not hedge account its interest rate derivatives. As recommended by EPRA, the fair value movements are eliminated from adjusted profit before tax, diluted EPRA earnings per share, and adjusted net assets per share.

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

Share capital

The share capital of the Company totalled £18.4 million at 31 March 2023 (2022: £18.4 million), consisting of 184,265,973 ordinary shares of 10p each (2022: 183,967,378 shares). 0.3 million shares were issued for the exercise of options during the year at an average exercise price of £13.13 (2022: 0.3 million shares at an average price of £14.84).

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

Metric	31 March 2023	31 March 2022
Opening shares	183,967,378	175,880,470
Shares issued in placing	–	7,751,938
Shares issued for the exercise of options	298,595	334,970
Closing shares in issue	184,265,973	183,967,378
Shares held in EBT	(1,122,907)	(1,122,907)
Closing shares for NAV purposes	183,143,066	182,844,471

116.3 million shares were traded in the market during the year ended 31 March 2023 (2022: 85.4 million). The average mid-market price of shares traded during the year was £12.41 with a high of £15.53 and a low of £9.87.

Principal Risks and Uncertainties

The Directors 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, or liquidity. The Group maintains a low appetite to risk, in line with our strategic objectives of providing a low volatility, high distribution business.

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

Risk and impact	Mitigation	Change during the year and outlook
<p>Self storage market risk</p> <p>There is a risk to the business that the self storage market does not grow in line with our projections, and that economic growth in the UK is below expectations, which could result in falling demand and a loss of income.</p>	<p>Self storage is a relatively immature market in the UK compared to other self storage markets such as the United States and Australia, and we believe has further opportunity for growth. Awareness of self storage and how it can be used by domestic and business customers is relatively low throughout the UK, although higher in London, awareness increased during the pandemic.</p> <p>The rate of growth of branded self storage on main roads in good locations has historically been limited by the difficulty of acquiring sites at affordable prices and obtaining planning consent. New store openings in London and other large urban conurbations within the sector have slowed significantly over the past few years.</p> <p>Our performance during the past three years has been strong with revenue growing by 46% from £129.3 million in the year ended 31 March 2020 to £188.8 million for this year. We believe that this performance is due to a combination of factors including:</p> <ul style="list-style-type: none"> – a high quality and growing portfolio of freehold properties delivering higher operating margins; – a focus on London and the South East and other large urban conurbations, where the drivers in the self storage market are at their strongest and the barriers to competition are at their highest; – continuing innovation and automation; – an inclusive and non-hierarchical culture with a highly engaged team; – a focus on delivering the highest levels of customer service; – delivering on our strong ESG commitments; – the UK's leading self storage brand, with high and growing public awareness and online strength; and – strong cash flow generation from a secure capital structure. <p>We have a large current storage customer base occupying approximately 73,000 rooms spread across the portfolio of stores and hundreds of thousands more who have used our stores over the years. In any month, customers move in and out at the margin resulting in changes in occupancy. This is a seasonal business and typically we see growth over the spring and the summer months, with the seasonally weaker period being the winter months.</p>	<p>The Russian invasion of Ukraine in February 2022 caused significant global uncertainty and has provided a more challenging macroeconomic backdrop, with significant levels of inflation seen in the UK economy since the invasion, largely driven by food and energy, resulting in increased interest rates. This has impacted the cost of living in the UK, and the level of housing transactions has fallen as the cost of mortgages has increased.</p> <p>In the final quarter of the year, we also had the impact of the regional banking crisis in the US and the collapse of Credit Suisse, which can also impact demand in our market at the margin.</p> <p>Inflation is forecast to moderate over the next 12 months, with relatively flat economic growth projected for the UK economy.</p> <p>Governments around the world took on significant additional debt to fund the policy responses to the pandemic, and this may result in higher taxation rates in the future.</p>

Risk and impact	Mitigation	Change during the year and outlook
<p>Property risk</p> <p>There is a risk that we will be unable to acquire new development sites which meet management's criteria. This would impact on our ability to grow the overall store platform.</p> <p>Changing climate and resulting likely changes to planning restrictions will narrow choice of available sites further.</p> <p>The Group is also subject to the risk of failing to obtain planning consents on its development sites, and the risk of a rising cost of development.</p> <p>Planning approval is increasingly dependent on Social or Environmental enhanced features (e.g. social enterprise at Battersea, BREEAM standards, local planners demands for green spaces) – adding cost and complexity.</p>	<p>Our management has significant experience in the property industry generated over many years and in particular acquiring property on main roads in high profile locations and obtaining planning consents. We do take planning risk where necessary, although the availability of land, and competition for it makes acquiring new sites challenging.</p> <p>Our in-house development team and our professional advisers have significant experience in obtaining planning consents for self storage centres.</p> <p>We manage the construction of our properties very tightly. The building of each site is handled through a design and build contract, with the fit-out project managed in-house using an established professional team of external advisers and sub-contractors who have worked with us for many years to our Big Yellow specification.</p> <p>We carried out an external benchmarking of our construction costs and tendering programme during the year, which has reinforced our current approach, but also given some areas where further efficiencies and cost savings can be achieved.</p>	<p>The Group has acquired eleven sites over the past four years, taking its total pipeline to 13 sites which, when opened, would expand the Group's current MLA by 15%.</p> <p>The planning process remains difficult and to achieve a planning consent can take anything from eighteen months to three years. Local planning policy is favouring residential development over other uses, and we don't expect this to change given the shortage of housing in the UK.</p> <p>We currently have planning consent on seven of the 13 development sites.</p> <p>Our latest tender for our store in Farnham Road Slough has come in within our underwriting as a result of moderating steel and other materials costs and reduced contractor margins since we suspended new construction last May. It is therefore our intention to restart our construction programme from this Summer.</p>
<p>Valuation risk</p> <p>The valuation of the Group's investment properties may fall due to external pressures or the impact of performance.</p> <p>Lack of transactional evidence in the self storage sector leads to more subjective valuations.</p>	<p>The valuations are carried out by independent, qualified external valuers who have significant experience in the UK self storage industry.</p> <p>The portfolio is diverse with approximately 73,000 rooms currently occupied in our stores for a wide variety of reasons.</p> <p>There is significant headroom on our loan to value banking covenants.</p>	<p>The revaluation surplus on the Group's open store investment properties was £27.6 million in the year (an uplift of 1%), due to an improvement in underlying cash flows used in the valuations, partly offset by an outward shift in cap rates.</p> <p>There have been a number of larger portfolio transactions across Europe over the past three years, and there is a weight of institutional money looking to invest in self storage. Notwithstanding the above, the increase in interest rates over the year led to the outward shift in cap rates, which was more pronounced in more regional markets.</p>

Principal Risks and Uncertainties continued

Risk and impact	Mitigation	Change during the year and outlook
<p>Treasury risk</p> <p>The Group may face increased costs from adverse interest rate movements</p>	<p>Our financing policy is to fund our current needs through a mix of debt, equity, and cash flow to allow us to selectively build out the remaining development pipeline and achieve our strategic growth objectives, which we believe improve returns for shareholders. We have made it clear that we believe optimal leverage for a business such as ours should be LTV in the range 20% to 30% and this informs our management of treasury risk.</p> <p>We aim to ensure that there are sufficient medium-term facilities in place to finance our committed development programme, secured against the freehold portfolio, with debt serviced by our strong operational cash flows.</p> <p>We have a fixed rate loan in place from Aviva Commercial Finance Limited, with 5 and half years remaining. The Group has a £120 million loan from M&G Investments, which is repayable in 2029. For our bank debt, we borrow at floating rates of interest.</p> <p>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.</p> <p>Our policy is to maintain a flexible borrowing structure, with a long-term average of approximately 50% of our total borrowings fixed, with the balance floating. At 31 March 2023 39% of the Group's total drawn borrowings were fixed or subject to interest rate derivatives. The Group reviews its current and forecast projections of cash flow, borrowing and interest cover as part of its monthly management accounts. In addition, an analysis of the impact of significant transactions is carried out regularly, as well as a sensitivity analysis assuming movements in interest rates and store occupancy on gearing and interest cover. This sensitivity testing underpins the viability statement below.</p> <p>The Group regularly monitors its counterparty risk. The Group monitors compliance with its banking covenants closely. During the year it complied with all its covenants and is forecast to do so for the foreseeable future.</p>	<p>The Bank of England base rate has been increased significantly during the year, with it currently at 4.5%, up from 1% at the start of our financial year.</p> <p>The long-term forecast is for rates to gradually fall from these levels. 61% of the Group's drawn debt is floating, and hence the Group has experienced additional cost from these recent increases in the base rate.</p> <p>Debt providers currently remain supportive to companies with a strong capital structure, as evidenced by the Group refinancing the M&G loan during the year, and the Pricoa shelf facility that we put in place.</p> <p>The Group's interest cover ratio for the year ended 31 March 2023 was 7.7 times, comfortably ahead of our internal target of 5 times and ahead of our banking covenants, as disclosed in note 19. The ratio fell during the year, due to the rise in interest costs.</p>
<p>Tax and regulatory risk</p> <p>The Group is exposed to changes in the tax regime affecting the cost of corporation tax, property rates, VAT, Stamp Duty and Stamp Duty Land Tax ("SDLT"), for example the imposition of VAT on self storage from 1 October 2012.</p> <p>The Group is exposed to potential tax penalties or loss of its REIT status by failing to comply with the REIT legislation.</p>	<p>We regularly monitor proposed and actual changes in legislation with the help of our professional advisers, through direct liaison with HMRC, and through trade bodies to understand and, if possible, mitigate or benefit from their impact.</p> <p>HMRC have designated the Group as having a low-risk tax status, and we hold regular meetings with them. We carry out detailed planning ahead of any future regulatory and tax changes using our expert advisers.</p> <p>The Group has internal monitoring procedures in place to ensure that the appropriate REIT rules and legislation are complied with. To date all REIT regulations have been complied with, including projected tests.</p>	<p>The Group's like-for-like property rates bill for the year ending 31 March 2024 has increased by 19% from the prior year, with the 2023 rating list reflecting the rise in industrial rents over the past few years.</p> <p>The corporation tax rate was increased in the March 2021 budget, to take effect from April 2023, and there is a risk that tax rates will rise further in the medium-term to fund the increased government deficits that have arisen from the policy response to the pandemic.</p>

Risk and impact	Mitigation	Change during the year and outlook
<p>Human resources risk</p> <p>Our people are key to our success and as such we are exposed to a risk of high staff turnover, and a risk of the loss of key personnel.</p>	<p>We have developed a professional, lively, and enjoyable working environment and believe our success stems from attracting and retaining the right people. We encourage all our staff to build on their skills through appropriate training and regular performance reviews. We believe in an accessible and open culture and everyone at all levels is encouraged to review, and challenge accepted norms, to contribute to the performance of the Group.</p>	<p>The Group carried out an engagement survey of its employees during the prior year, which showed very pleasing results of the level of engagement of our teams.</p> <p>We have listened to the feedback from our employees raised during our engagement survey and made a number of changes to the Group's operations, including two days a week working from home for our head office team, reducing our store opening hours and the payment of a lone trading bonus for store staff. We are carrying out a further survey of our staff in May 2023.</p>
<p>Brand and reputation risk</p> <p>The Group is exposed to the risk of a single serious incident materially affecting our customers, people, financial performance and hence our brand and reputation, including the risk of a data breach.</p>	<p>We have always aimed to run this business in a professional way, which has involved strict adherence with all regulations that affect our business, such as health and safety legislation, building regulations in relation to the construction of our buildings, anti-slavery, anti-bribery, and data regulations.</p> <p>We also invest in cyber security (discussed below), and make an ongoing investment in staff training, facilities management, and the maintenance of our stores.</p> <p>To ensure consistency of service and to understand the needs of our customers, we send surveys to every customer who moves in and moves out of the business. The results of the surveys and mystery shops are reviewed to continuously improve and deliver consistent performance throughout the business.</p> <p>We maintain regular communication with our key stakeholders, customers, employees, shareholders, and debt providers.</p>	<p>The Group has a crisis response plan which was developed in conjunction with external consultants to ensure the Group is well placed to effectively deal with a major incident.</p> <p>We experienced a fire caused by arson at our Armadillo Cheadle store in February 2022. Our crisis response team worked effectively in managing the incident.</p>
<p>Security risk</p> <p>The Group is exposed to the risk of the damage or loss of a store due to vandalism, fire, or natural incidents such as flooding. This may also cause reputational damage.</p>	<p>The safety and security of our customers, their belongings, stores, and our staff remains a key priority. To achieve this, we invest in state-of-the-art access control systems, individual room alarms, digital CCTV systems, intruder and fire alarm systems and the remote monitoring of all our stores outside of our trading hours. We are the only major operator in the UK self storage industry that has every room in every Big Yellow store individually alarmed.</p> <p>We have implemented customer security procedures in line with advice from the Police and continue to work with the regulatory authorities on issues of security, reviewing our operational procedures regularly. The importance of security and the need for vigilance is communicated to all store staff and reinforced through training and routine operational procedures.</p>	<p>We have continued to run courses for all our staff to enhance the awareness and effectiveness of our procedures in relation to security.</p> <p>We have further invested in security improvements in our stores during the year.</p> <p>We regularly review and implement improvements to our security processes and procedures.</p>

Principal Risks and Uncertainties continued

Risk and impact	Mitigation	Change during the year and outlook
<p>Cyber risk</p> <p>High profile cyber-attacks and data breaches are a regular staple in today's news. The results of any breach may result in reputational damage, fines, or customer compensation, causing a loss of market share and income.</p>	<p>The Group receives specialist advice and consultancy in respect of cyber security, and we have dedicated in-house monitoring and regular review of our security systems, we also limit the retention of customer data to the minimum requirement.</p> <p>Policies and procedures are under regular review and benchmarked against industry best practice by our consultants. These policies also include defend, detect and response policies.</p>	<p>We don't consider the risk to have increased more for the Group than any other business; however, we consider that the threats in the entire digital landscape do continue to increase and evolve. As such we have continued to invest in cyber security upgrading or replacing components as required.</p>
<p>Climate change related risk</p> <p>The Group is exposed to climate-change related transition and physical risks. Physical risks may affect the Group's stores and may result in higher maintenance and repair costs. Failing to transition to a low carbon economy may cause an increase in taxation, decrease in access to loan facilities and reputational damage</p>	<p>The good working order of our stores is of critical importance to our business model.</p> <p>We visually inspect each of our stores at least once per annum and planned and unplanned work is discussed immediately.</p> <p>Maintenance requirements are discussed at budget reviews; proposals are made to raise climate change related issues to the Board, who may request more holistic adaptation work to be carried out.</p> <p>The key mitigation strategy to address transitional risks is the delivery of our Net Renewable Energy Positive Strategy and the Net Zero Scope 1 and Scope 2 Emissions Strategy. Our investment to decarbonise our business over the next eight years is expected to mitigate fully against taxation (carbon tax) risk and reputational risks (both investors and customers).</p>	<p>Our Sustainability Committee, chaired by a Non-Executive Director, has delivered an ambitious strategic plan to 2032.</p> <p>We appreciate that both physical and transition risks are expected to materialise to lesser or greater extents over the coming years and costs may go up gradually, hidden within what may be perceived as 'natural variations'. Our focus and strong governance will allow us to continue to mitigate the effects</p>

Internal audit

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

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

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

Going concern

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

At 31 March 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.

Viability statement

The Directors have assessed the Group's viability over a four-year period to March 2027. This period is selected based on the Group's long-term strategic plan to give greater certainty over the forecasting assumptions used. As in the assessment of going concern, the Directors have modelled a number of different scenarios on the Group's future prospects.

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

Based on this assessment the Directors have a reasonable expectation that the Company and the Group will be able to continue operating and meeting all their liabilities as they fall due to March 2027.

Managing Environmental and Climate Change Risks and Opportunities

TCFD compliance statement

The Board is pleased to confirm that for the year ended 31 March 2023, Big Yellow's climate related risks and opportunities disclosures are reported under the TCFD framework. We have continued the journey to Net Zero this year with the delivery of our Net Renewable Energy Positive ("NREP") and Net Zero Strategy. With the support of our external partner, EcoAct we have published science-based mid-term targets, which have been verified by the Science Based Target initiative.

We have made good progress on our strategy to decarbonise our business by continuing to remove gas boilers and we have extended our three-year retrofit solar programme from the original 36 stores to the whole of the estate, where it is reasonably practicable to install solar PVs.

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

With the acquisition of the remaining interest in Armadillo on 1 July 2021 we refreshed our flood risk assessment for our combined estate. This year, we have refreshed the temperature projections for our Armadillo stores to deliver a holistic view of the risks to our whole business. We have started to work with our suppliers to better quantify and jointly tackle embodied emissions in our buildings. For our specific actions on Scope 1 and Scope 2 initiatives, please refer to our strategy document <https://corporate.bigyellow.co.uk/sustainability/strategy> (see page 13).

On pages 49 to 54 of this report we summarise material climate related disclosures consistent with the four pillars and 11 disclosures proposed by the TCFD, including the "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures" released in October 2021. We also reference links to further information which can be found in our Annual Report, ESG Report and online factsheets to support compliance. We cross refer to other documents and reports in this TCFD section as it offers us additional space to explain our strategic climate commitments, illustrate this through case studies and explain our targets, metrics and progress in more detail.

We are not currently in full compliance with TCFD in the following two areas; our Scope 3 construction emissions are currently calculated by spend rather than more granular data sets, using best practice estimation and we are still assessing the likely cost implication of transition risks. We anticipate being in compliance with TCFD on these area within three years. Moving forward, we intend to evolve our reporting under the TCFD recommendations and recommended disclosures, as we journey towards net zero.

Managing Environmental and Climate Change Risks and Opportunities *continued*

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

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

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

After the acquisition of Armadillo Self Storage in 2021, we have now integrated the Armadillo stores into the Big Yellow risk management framework and the NREP and Net Zero Emissions Strategy. The Armadillo portfolio has been brought under the umbrella strategy, which resulted in a re-baselining activity of 2019-20 that we now report against.

Governance

Our Chief Executive has overall responsibility for climate-related risks and opportunities.

Ongoing oversight of climate-related issues is carried out by our Sustainability Committee, chaired by our Non-Executive Director for Sustainability, and attended by our Head of Sustainability and the Executive Directors. The Sustainability Committee meets twice yearly.

The Board is updated on relevant aspects of our sustainability strategy at each meeting. In addition, climate-related risk has been defined as a ‘principal risk’ and managed as part of our standard business risk process.

In order to condense information in our sustainability statement we have a separate document detailing our internal process and risk management ‘Our ‘Managing Climate Related Risks and Opportunities’.

This can be found on the following link: https://corporate.bigyellow.co.uk/download_file/view/1043/236 (see pages 1 to 5).

For more detail on our governance structure and management’s role in assessing and managing climate-related risks and opportunities, please follow the link: https://corporate.bigyellow.co.uk/download_file/view/996/236 (see pages 1 to 4).

This is kept as an independent document as this is of interest to some of our stakeholders separately from our annual report and accounts.

Strategy

Worth noting

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

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

The Company considered the various potential impacts a changing climate has on our Business within the TCFD framework. The discussion was guided by a range of scenarios published by external agencies, such as the UK Met Office, the IPCC, International Energy Agency and others – and looked at both physical and transitional risks under two climate warming scenarios; one within 1.5 to 2.0 degrees centigrade; and one up to 4.0 degrees centigrade.

A scenario allows a company to plan for what it considers to be the material impacts of global warming and likely outcomes, which varies from business to business. Big Yellow chose a scenario that related most strongly to our business.

Broadly, the Company agrees that we should expect some physical risks from global warming to have an impact on our business. The impacts from localised flooding and from a rising UK temperature are deemed material.

We also agree that the transition to a low carbon economy might pose a risk; however, if we are able to position ourselves well, this may also pose an opportunity.

During the year, we have publicly committed to the ‘Race to Zero’ campaign, which commits to Science-Based Targets that aim to limit global warming to 1.5°C.

We have established our science-based targets and have had these externally verified by the SBTi. The science-based targets are published here (see pages 1 and 2).

https://corporate.bigyellow.co.uk/download_file/view/1140/234

Materiality

We undertake materiality reviews of ESG risks, and our approach to materiality is documented at https://corporate.bigyellow.co.uk/application/files/6916/2188/3747/Materiality_Assessment_May_2021.pdf (see page 1 for definition of materiality and page 5 for our internal process on assessing materiality).

Climate related risks

Big Yellow has assessed the 10 main risk themes defined by the TCFD framework in our 'Managing Climate Risk and Opportunities' document. Using CDP terminology, seven of the TCFD climate-related risk themes are assessed as 'relevant, always included'; two are assessed as 'relevant, sometimes included'; and one is assessed as 'not relevant, included'.

Climate-related risks are broken down into Physical and Transitional Risks and are prioritised based on the potential severity of their impact on the business. The below table illustrates time periods and the importance of the risks identified by the ESG department and Environmental Committee.

Risk Type	Risk Theme	Potential Materiality		
		Short-Term ⁽¹⁾	Medium-Term	Long-Term
Physical Risks				
Heat Stress	Chronic physical		●	●
Flooding ⁽²⁾	Acute physical		●	●
Transition Risks				
Stranded Assets	Market		●	●
Reputational Risk	Reputation		●	●
An increase in carbon/emission taxation and fines (unlikely that there will be significant incentives)	Current regulation		●	
An increase in standards, especially for buildings	Emerging regulation	●	●	
A significantly higher financial reporting burden including Scope 3	Emerging regulation	●		
Introduction of a carbon price	Market		●	

Importance: ● Low ● Medium ● High

Physical risks

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

Heat stress

Assuming a +2°C scenario, 42 of our 108 stores may experience heat stress, both as an increase in 'hottest summer day temperature' of 5% points or more and from at least a doubling in the number of summer days per month that exceed 25°C.

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

Flooding

This year this work has been extended to include the Armadillo stores we acquired in July 2021. We have three stores that are in Flood Zone 3 and that have an at least medium to high risk of surface water flooding from rivers or the sea – all three stores contain measures to minimise impacts, such as flood defences. We anticipate that we will be monitoring the adequacies of these measures going forward.

Assuming a +2°C scenario, 87 of our stores may experience both a reduction in the number of rainy summer days per month and an increase in mm of rainfall on the wettest summer day.

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

⁽¹⁾ Short-term is determined to be less than five years, Medium-term between five to ten years and Long-term above ten years.

⁽²⁾ A +2°C scenario was used for identifying Physical risk and has been determined to have a medium-long-term timeline, using IPCC report (SPP3-7.0).

Managing Environmental and Climate Change Risks and Opportunities *continued*

Transition risks

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

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

These are likely to have a financial impact on the Group, however, we are still assessing the likely cost implication. The Environmental Committee has proposed, and the Sustainability Committee agrees, that decarbonising our business is important to allow us to:

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

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

Our Net Zero Emission strategy sets out how we intend to deliver a decarbonised business. Please note that the work to move away from gas boilers is currently being undertaken for Armadillo and Big Yellow, with eight stores having had their gas boilers removed this year; and the remaining 11 stores having their heating swapped to electric over the next two financial years.

We assess that our business will remain resilient to the climate-related risks identified despite the scale of adjustment needed to transition to a low-carbon economy, across a range of warming scenarios, including one where warming is limited to 1.5°C.

Climate-related opportunities

Opportunities, arising from risks explored above, are also identified where possible and how these will be integrated within the Company’s strategy and financial planning. Our internal processes and scenario analysis also identify possible climate-related opportunities, these are listed in the table below:

Climate-related Opportunity	Company Response	Potential Materiality		
		Short-Term ⁽³⁾	Medium-Term	Long-Term
Growth in demand for renewable energy	Investment into retrofitting existing stores with PV systems	●		
	Aim for all new stores to be fitted with optimal solar capacity in the range of 50kWp-200kWp subject to suitability of store roofs	●	●	●
	Purchasing 100% renewable energy	●		
Growth in solar and battery markets driven by decarbonisation	Investing in solar battery pilot projects to combat export limitations	●	●	
Transition away from fossil fuelled heating and Natural Gas	Investing into retrofitting existing gas boilers with Heat pumps.	●		
Growth of EV transport market	Deploying electric vehicle charges for all new stores	●	●	●

Importance: ● Low ● Medium ● High

⁽³⁾ Short-term is defined as up to 5yrs, Medium-term is between 5yrs to 10yrs and Long-term is above 10yrs.

Internal processes

Both physical and transition risks are expected to materialise to a lesser or greater extents over the coming years and costs may go up gradually, hidden within what may be perceived as 'natural variations'.

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

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

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

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

The Executive Directors visually inspect each of our stores at least once per annum; they are usually accompanied by the Head of Estates and Facilities and planned – and unplanned – work is discussed immediately.

The budgeting process then allows the Operations Director and the Head of Estates and Facilities to prioritise both planned and unplanned maintenance. The budget review by the CFO and Financial Controller looks at planned costs vs historic years and where costs are changing year on year. This is the point at which trends may be identified and proposals are made to raise climate change related issues to the Board, who may request a more holistic solution and who may charge the Environmental Committee to identify such a solution. The Group's long-term forecast incorporates the currently expected costs to the Group of the solar PV installations, changes to energy usage and cost, and other planned sustainability measures. In the budgeting process for new-build stores, we consider the financial impact of the mitigation costs for future heat stress and flooding potential.

This is particularly useful for physical risks.

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

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

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

This is particularly useful for transition risks.

Work done to date

- Flood Risk assessments for each store; now including the Armadillo stores.
- Localised climate change projections – using the Met Office climate projection modelling; +2°C and a +4°C scenario for every store.
- Scope 3 footprint for combined Armadillo and Big Yellow.
- Setting science-based targets for the entire business. Published within our Benchmarking and Standards section of the Full ESG Report 2023.

Work going forward

The following next steps are in place:

- Having identified the number of stores that may experience an increase in total number of "hot days" and a temperature increase of the hottest day, to then model potential increase in energy costs for cooling.
- Understand better the suitability of external tools, such as CRREM tool methodology. Please note the CRREM tool at present only covers offices.
- External reporting – we agree that reporting transparently will help our investors to feel assured that we are taking appropriate steps to ensure our Company's ability to thrive in a changing environment.

Managing Environmental and Climate Change Risks and Opportunities *continued*

Metrics

We have been taking part in voluntary 'Resilience' modules as part of GRESB and have submitted more details to the CDP risk questions; the GRESB Resilience module has now been integrated into the overall list of questions, and for the first year (2023) the physical and transition risks are scored.

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

Climate-related risk metrics

Aspect	KPI	19-20	20-21	21-22	22-23	Target
Regulation	No of EPCs rated F or G	0	0	2 ⁽⁴⁾	0	maintain
Extreme Weather	% of current lettable area (sq ft) located in Planning flood Zone 3 & at least medium to high risk of surface water flooding ⁽⁵⁾	New for 2020/21	0.87	0.87 ⁽⁶⁾	0.56	n/a
	% of at risk current lettable area protected by adaptive measures, such as raised floors or SUDs ⁽⁷⁾	100%	100%	100%	100%	100%

Climate-related opportunities metrics

Aspect	KPI	19-20	20-21	21-22	22-23	Target
Transitioning to a low carbon economy	% of electricity from renewable energy generation	6.1%	7.1%	7.8%	15.4%	100% + by 2030
	Investment in retrofitting activities to drive decarbonisation (approx.) ⁽⁸⁾	£0.1m	£0.6m	£15k	£5.5m	£5.5m planned spend over the next two years
	% of electricity purchased from renewable sources ('market based')	n/a	100%	100%	100%	100%
	Greenhouse Gas (GHG) emissions intensity from building energy consumption (Scope 1 & 2) – tCO ₂ e/CLAM ²	5.5	4.8	4.7	4.0	As per our NREP & Net Zero Strategy

Targets

We have set out our full pathway for all Scope 1, 2 and 3 Emissions by 2032 in our Net Renewable Energy Positive ("NREP") Strategy and Net Zero Emissions Strategy. https://corporate.bigyellow.co.uk/application/files/5616/5579/7452/Sustainability_strategy_2022.pdf

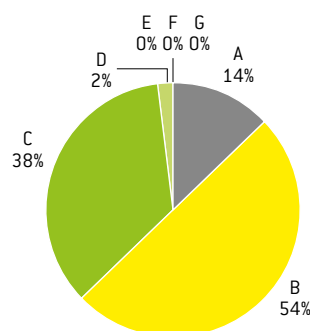
In order to achieve our main Net Zero commitments, detailed in the 'building a responsible business' part of this document on page 9 we have set a number of sub targets that need to be achieved along our pathways. These are summarised in our annual ESG report, as well as in the Directors' report and in more detail in our full ESG report.

In order to set out our science-based targets, that have been verified by the SBTi; we have had to conduct wider scope 3 foot-printing work. For more information on this please refer to our Benchmarks and Standards section in the Full ESG Report.

Energy Performance Certificates ("EPCs")

98% of EPCs for our store portfolio are in the 'Green' range, i.e. an A, B or C rating. The final 2 Armadillo stores with an EPC rating of D are due for renovation before the end of 2024-25; once those works are completed we hope to be able to say the whole estate is rated C or above. 100% of our stores are covered by an Energy Performance Certificate.

EPC % by No. of Stores



⁽⁴⁾ Two of the acquired armadillo stores had 'F' ratings in the prior year.

⁽⁵⁾ Sq ft from ground and below ground level floors.

⁽⁶⁾ Unchanged from the prior year.

⁽⁷⁾ SUDs stands for Sustainable Urban Drainage.

⁽⁸⁾ Figure includes removal of gas boilers, retrofitting of solar installations all energy efficiency related projects.

Section 172 Statement

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

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

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

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

Stakeholder engagement

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

Information on interaction with our key stakeholders is included in the Corporate Governance Report on pages 85 to 86.

Further information

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

Employees	Chief Executive's Statement (page 16) Governance (pages 85 to 87)
Customers	Chief Executive's Statement (page 17) Operating Review (page 30) Governance (page 85)
Suppliers	ESG report (page 68) Governance (page 85)
Investors	Chairman's Statement (page 14) Chief Executive's Statement (page 16) Our Strategy (page 20) Our Investment Case (page 22) Governance (page 85)
Environment	Chief Executive's Statement (page 18) Operating Review (page 31) ESG Report (pages 56 to 72)
Long term	Chairman's Statement (page 14) Chief Executive's Statement (page 18) Our Strategy (page 20) Our Investment Case (page 22) Risk Management (page 44) Viability Statement (page 49)

Environmental, Social and Governance Report

Big Yellow Group PLC (“Big Yellow”) is committed to responsible and sustainable business practices.

1. Introduction

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

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

Our CSR Policy covers all of Big Yellow’s operation, which now includes 24 Armadillo stores and 84 Big Yellow stores, as both an operator of self storage facilities and a developer of new self storage facilities. We recognise that our operations can have significant economic, environmental, and social impacts.

We are therefore committed to assessing our ESG risks and opportunities, and taking appropriate steps to mitigate negative impacts and, where possible, enhance positive impacts for the benefit of our business, our stakeholders, and our local environment.

The governance of our sustainability activities is delivered by the Sustainability Committee, chaired by Heather Savory. For an update on the activities of the Committee please see the Sustainability Committee Report on page 91. Heather, along with the Board, oversee the sustainability agenda of the Environmental Committee and the Head of Sustainability.

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



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

Our health and safety reporting is stated in accordance with the UK Health and Safety Executive guidance. You can read more about our business model on page 20 of the Annual Report.

2. ESG executive summary

This has been a year of continuity for Big Yellow, building on our strategy commitments and our journey towards net zero. After the challenges we faced last year with our supply chain, we have secured a new solar panel provider which we are completely satisfied sources their components in a way we are comfortable with; and have then continued on to complete 23 of the initial 36 solar retrofit of our stores to date.

The evaluation of our solar panel journey has in turn prompted us to consider our wider supply chain. We have engaged with the top 80% of our value chain this year as part of our first steps into ensuring we have a safe, like-minded supply chain to work with. We have set out a programme of work to continue this journey over the coming years.

At board level, our Sustainability Committee, chaired by Heather Savory, made the decision to push forward with the solar retrofit programme and to extend it from the 36 originally identified stores to the whole estate so that, where possible, every store can benefit from renewable onsite power in the future. This further drives our pursuit to be Net Renewable Energy Positive by 2030 and together with our ongoing battery pilot, should put us in good stead to achieve our goal.

We have completed a rigorous process this year with the Science Based Targets initiative and our targets have now been certified. Our focus will now be working towards meeting these targets over the coming seven years.

The Foundation has had a busy year with £193,000 donated to our charity partners all of whom are focused on the cause of helping vulnerable people back into work. We have added a new charity partner, Working Chance, the UK's only employment charity focused entirely on helping women with criminal convictions back into paid employment. We hope that there will be opportunities for our team members to volunteer with our Charity Partners and also for work placements from our Charity Partners hopefully leading to employment. This should build on the success we have already had this year with our work placements. We have had five successful placements into the business with individuals who have come to us through our partners Breaking Barriers, Street League and the Downs Syndrome Association.

Focusing on both the Environmental and Social aspects of our ESG is of paramount importance to us. We believe that the progress towards our Net Zero targets, the work of The Big Yellow Foundation and our donations of space to local charities go hand-in-hand in doing our bit for the environment and for the communities local to our stores.

Jim Gibson
Chief Executive Officer

2.1 Highlights

- we have had our Science Based Targets externally verified. Big Yellow commits to:
 - reduce absolute scope 1 and 2 GHG emissions 70% by FY2032 from a FY2019 base year; and
 - reduce scope 3 GHG emissions from purchased goods and services, capital goods, and fuel and energy related activities 61.1% per square foot within the same time frame.
- we have invested £4.7 million in our solar programme over the year and now have 53 stores with solar and have expanded the programme to all stores. Our current peak capacity has increased over the past two years from 0.9 Megawatts to 4.5 Megawatts;
- we have donated £271,000 in Community Investment. This consists of a combination of free and discounted space to worthy local charitable organisations and not-for-profits and we house different organisations, from foodbanks to small community groups to NHS partners and also BoxShop products donated;
- £204,000 has been raised for the Foundation from customer donations and employee fundraising including the matched contributions from the Company. These funds allowed us to make grants of £193,000 to our partner charities in the year;
- we have maintained our GRESB Green Star rating, achieved a B award from CDP and maintained our ISS indices rating; and we obtained our second EPRA sBPR Gold Award.

2.2 Climate change and our business – our strategy

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

Aligning our strategy to achieve this goal meets the needs and views of our stakeholders and this report sets out how we intend to achieve that. Although the IPCC Net Zero Emissions target due date is 2050, our new strategy plans to deliver significant aspects of our reduction in emissions by 2032. We will focus on our most material emissions – carbon – and look forward to updating you on the progress we are making in each future ESG Report.

We have set science-based targets for our Scope 1, Scope 2 and Scope 3 emissions. These have now been fully verified by the Science Based Target Initiative.

Further information on them can be found here https://corporate.bigyellow.co.uk/download_file/view/1140/234.

Environmental, Social and Governance Report continued




2.3 Sustainability performance overview

The tables below are of all our commitments, the progress we have made against them during the financial year ended 31 March 2023 and our (amended) plans going forwards. They are aligned to our three corporate strategic themes:

- Provide the place and space to make lives easier
- Treat everyone fairly and respectfully, as a partner
- Plan and act for a Sustainable Future

The tables below show the Group's performance against Sustainable Development Goals ("SDG").

● Exceeded
 ● Achieved
 ● On track
 Behind target
 ● Not achieved
 New or modified target

SDG where applicable	Target / Commitment	By financial year	Progress during the year	Status	Other information
	'Net zero' Store Scope 1 and 2 Carbon Emissions by 2030	2029/30	Location-based: 100% net zero	●	Progress against targets to be KPI from 23/24
	Retro-fit 36 stores with solar installations	2024/25	23 stores retrofitted with solar	●	
	Set science-based targets	2022/23	Targets externally verified by SBTi	●	
	Deliver a battery pilot	2023/24	Battery installed, management process under development.	●	
	Replace gas boilers	2024/25	8 stores fully removed, with 2 stores partially removed	●	
	Sustainable construction commitments: all new stores will be equipped with the optimal capacity in the range of 50kWp-200kWp subject to suitability of store roofs.	Annual	Harrow fitted with 50kWp constructed before Kingston North, Kingston North fitted with 85kWp.	●	UPDATED: capacities updated to reflect the drive for solar across the estate.
	Sustainable construction commitments: BREEAM Standard of Very good	Annual	Both Kingston North and Harrow built to BREEAM Excellent standards	●	

● Exceeded
 ● Achieved
 ● On track
 Behind target
 ● Not achieved
 New or modified target

SDG where applicable	Target / Commitment	By financial year	Progress during the year	Status	Other information
	Sustainable construction commitments: EV charging pods at all newly-built stores (where space allows)	Annual	Both Kingston North and Harrow have been installed with semi-rapid 7kWh charges. Head office also had two chargers installed	●	
	Generate renewable energy to meet at least 100% of our energy needs	2029/30	This year we generated enough solar to displace 15% of our grid bought power	●	
	Achieve 0 tCO ₂ e per m ² occupied Intensity metric	2029/30	5.0 kgCO ₂ e /m ² Occupied Space – a 31% reduction from the baseline year	●	
	Energy Intensity target: 20% decrease from our 2019/20 baseline	2029/30	This year we have made a 7% reduction from our baseline year	●	
	100% CLA (Current Lettable Area) covered by EPCs	Annual	100% of stores now have EPC of which 98% are A-C	●	
	Review in-store water consumption against self storage benchmark	Annual	Continue to remain at above benchmark	●	
	Contractors signing up to CCS scheme with a target score of 35 points for both fit-out and shell	Annual	Harrow – 41 Kingston North – 39	●	
	Educate and engage store teams to improve recycling performance – send zero waste to landfill	2024/25	8% to landfill – this is a 33% improvement on last year	●	
	To raise £150,000 Foundation donations from our customers, Employee fundraising contributions and Big Yellow matched amounts	Annual	£204,000 Raised	●	
	Grants allocated to Big Yellow Foundation Charity partners: 75% of income allocated to charity partners	Annual	94%	●	
	100% of stores with volunteering opportunities	Annual	100%	●	
	10% of volunteering days taken up by our teams	2023/24	4% ⁽¹⁾	○	IMPROVEMENT PLAN: Formalised volunteering events to be organised with new reporting structure in place to capture volunteer day information.

⁽¹⁾ 17 days taken out of 445 full time employees.

Environmental, Social and Governance Report continued

● Exceeded
 ● Achieved
 ● On track
 ● Behind target
 ● Not achieved
 ● New or modified target

SDG where applicable	Target / Commitment	By financial year	Progress during the year	Status	Other information
	Four individuals on paid 12 week work placements supported by a Big Yellow Foundation charity partner	Annual	5	●	UPDATED: on review including a timeframe for initial placement was deemed sensible. 4 initial placements through Big Yellow Foundation connections and a 5 th with a college local to a store.
	Number of individuals offered an extension to placement from the above cohort – 50% of yearly cohort	Annual	3 ^(2,3)	●	REVIEWED ⁽⁴⁾ : time frame and details reviewed. Extensions are defined as contract placements extended beyond 12 weeks either part-time or full-time.
	Maintain store engagement with the Big Yellow Foundation: Monitor move-in move-out donations – aim for a conversion rate of greater than 30%	Annual	36.9% conversion achieved with average donation of £1.78	●	Foundation KPIs are monitored throughout the year by area managers and included annually in Director store tour discussions.
	Report on 'prompt payment' statistics	Annual	Maintain current reporting standards	●	
	>80% of invoices received & paid within 30 days	Annual	89%	●	UPDATED: target set. Previously reporting.
n/a	Supply Chain Risks: We intend to conduct further supplier assessments beyond human rights and anti-slavery, in relation to ESG	2025/26	<p>We have worked with SGS to produce a method of collecting ESG performance information from our suppliers.</p> <p>This has then been analysed and a long-term delivery plan created.</p>	●	NEW: Continue to make progress on long-term supplier plan
	It is our aim to keep everyone safe when visiting or working at our stores.	Annual	No fatalities and two reportable, none staff, incidences – accident statistics are published in the Health and Safety section of this report.	●	
n/a	We will continue to reference and meet our most relevant standard: EPRA	Annual	Gold	●	
n/a	We continue to submit to all relevant Benchmarks, namely GRESB, CDP and FTSE ESG	Annual	<p>Most recent scores: CDP: B</p> <p>FTSE4Good: included in index (3.1)</p> <p>GRESB: 84%</p>	●	

⁽²⁾ 3 work placements had contracts extended by between 3 and 12 months from the initial 12 week placement.

⁽³⁾ Please note, the placements at Cardiff and the existing placement at Maidenhead were extended by a combined total of 56 weeks; the equivalent of an extra 4.6 work placements.

⁽⁴⁾ When reviewed it was decided these placements are about job experience and building confidence rather than long-term employment so extension to the initial placement and a lower conversion are both more appropriate.



3. Our environment

Environmental responsibilities

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

Environmental compliance

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

Approach

We have provided a specific section on energy, emissions, water and waste, reporting against all environmental European Public Real Estate Association ("EPRA") indicators (and GRI where relevant). Having achieved 'Gold' status in terms of transparency and quality of our reporting during 2021/22 we continue to present our data in this format.

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

Any changes we make to our reporting are tabled in our Basis of Reporting document https://corporate.bigyellow.co.uk/application/files/2716/8605/1568/Basis_of_Reporting_2022-23.pdf.

Benchmarking and standards

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

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

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

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

Assurance of data

We have commissioned SGS United Kingdom Ltd to carry out independent assurance of our Greenhouse Gas emissions disclosures and other select voluntary disclosures, at a limited level of assurance according to the International Organization for Standardization's (2006) ISO 14064-3. The full assurance statement is published in our ESG Report 2022-23.

Environmental, Social and Governance Report continued

3.1 Highlights

- We have had our science-based targets verified. Big Yellow commits to:
 - reduce absolute scope 1 and 2 GHG emissions 70% by FY2032 from a FY2019 base year; and
 - reduce scope 3 GHG emissions from purchased goods and services, capital goods, and fuel and energy related activities 61.1% per square foot within the same time frame.
- We have opened two new stores; Harrow with 50kWp of solar and Kingston North with 85kWp. With the new stores and the retrofit programme in full swing we now have an estate with 53 Solar PV installations – this has increased our renewable electricity generation by 94% from the prior year.
- Our stores with Solar PV Installations of 50kWp or larger generated 3% more of their electricity need compared to last year.
- Despite the opening and acquisition of three new stores and electrification of store heat in eight stores, our absolute electricity (grid bought electricity plus solar energy used) has remained almost static; our like-for-like store portfolio electricity use has had a slight increase of 5%.
- As of October 2019, we purchase REGO-backed 100% renewable electricity from Opus Energy, which allows us to report our market-based electricity as 'zero carbon'. That contract covers both Big Yellow and Armadillo stores.

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

The company's NREP Strategy and Net Zero Emissions strategy, which was republished during the year ended 31 March 2022 as it underwent two material reviews:

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

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

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

- a. Progress on solar generation: deliver retrofitting of overall 36 Big Yellow stores that currently do not have solar. This commitment has been further extended to cover all suitable roofs on the estate. *On track*
- b. Progress on developing and setting science-based targets: our Science Based Targets have been set and externally verified by the SBTi. *Complete*
- c. Progress on battery pilot: battery installed. We continue to work with our battery operator partner and to manage the battery. *On track*
- d. Progress on decarbonisation – first and second steps gas boiler replacement programme: nine gas boilers replaced with electric boilers; a further eight scheduled for FY2023/24. *On track*
- e. Sustainability investment during construction phase: the Sustainability Committee was particularly keen to review the upfront investment the Company made to ensure newly constructed stores were aligned with the retrofitted stores. From our Kingston North development onwards, all new stores will be equipped with the optimal capacity in the range 50kWp-200kWp subject to suitability of store roofs. *On track*
- f. The embodied carbon of our construction projects is now being considered and assessed on a project by project basis. *In progress*

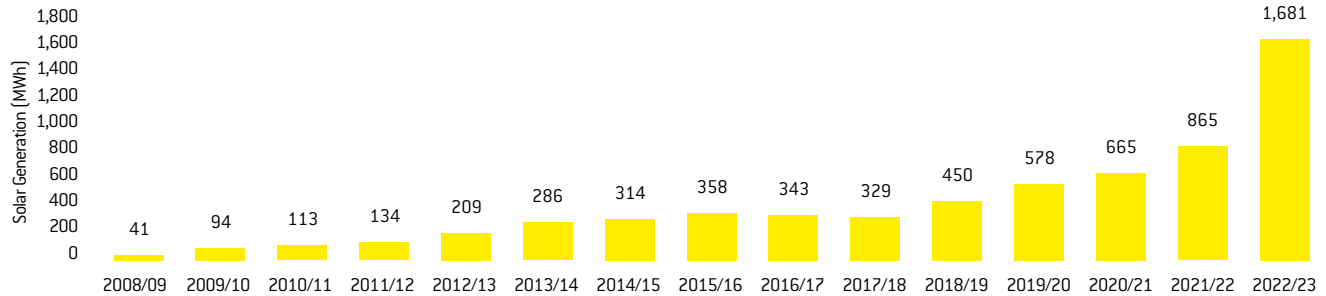
These specific deliverables have been included in our Performance Overview section and will be reported on annually.

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

3.3 Energy

Our portfolio of stores with roof-mounted solar PV installations generates low carbon electricity that is monitored for performance and receives financial payments from energy companies we export to. We now have 53 stores that generate renewable solar electricity.

Store portfolio long term solar electricity generation (2009 to 2023)



Having generated over 1.5million kWh of power on our stores this year means that we have saved over £200,000 in grid electricity bills. Once an export connection is established, which takes some time after the panel installation is complete we are also able to sell any unused power back to the grid. Below is a summary of this year's financial benefits from our solar generation.

Financial benefits of solar generation*

Year ended 31 March	2021	2022	2023
Solar Generation (MWh)	681	865	1,681*
Store solar use (MWh)	391	557	1,521
Displaced grid energy savings (£)	£93,116	£121,065	£235,385
FIT & PPA payments (£)	£108,951	£115,735	£134,841
Total savings (£)	£202,068	£236,800	£370,226

* Indicates data reviewed by SGS. See page 73 for their independent assurance report.

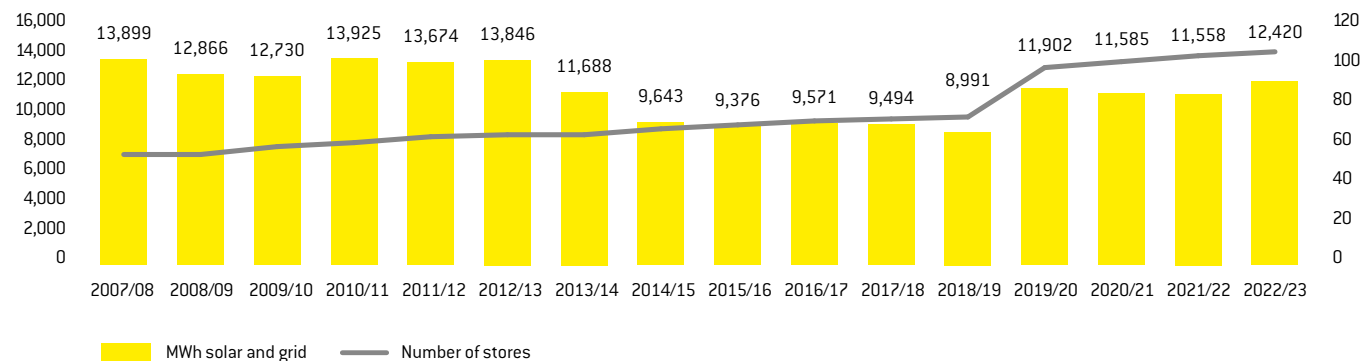
Notes:

- Total Grid Savings: Solar Payments from Energy Companies = Feed in Tariff + PPA payments. March 23 FIT payments have been estimated using March 22 data as current year not available until Q2.
- Supplied UK Network displaced electricity savings = solar generated kWh x 14p Grid kWh charges.

Store portfolio long-term electricity use

The chart below shows how grid bought electricity plus solar energy used in our stores between 2008 and 2023 has changed over time. Please note, as we move to meeting our electricity needs increasingly from solar, the following chart shows the used solar energy from the year ended 31 March 2020 included in the total MWh number.

Long-term store electricity



Note: chart shows the used solar energy from the year ended 31 March 2020 included in the total MWh number.

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

Some of our stores rent out roof space to a company that installs and operates telecoms masts. The telecom masts are powered via our stores'

electricity supply, increasing the total store energy consumption. This additional energy became a material percentage of our emissions during 2018/19 and, as the masts are not within our control, their electricity consumption has been removed from our total Scope 2 and reported as part of Scope 3.

Environmental, Social and Governance Report continued

3.4 Emissions

Highlights

- Absolute Scope 1 and Scope 2 Store and non-Store portfolio saw a decrease of 11%. There are two main causes for this decrease: a favourable UK fuel mix; and our investment in on-site renewables with 23 new solar PV installations during the year.
- We have set and had validated our Science-Based Targets.
- Our market-based emissions (from electricity) are still zero tCO₂e thanks to our REGO-backed 100% renewable electricity contract.

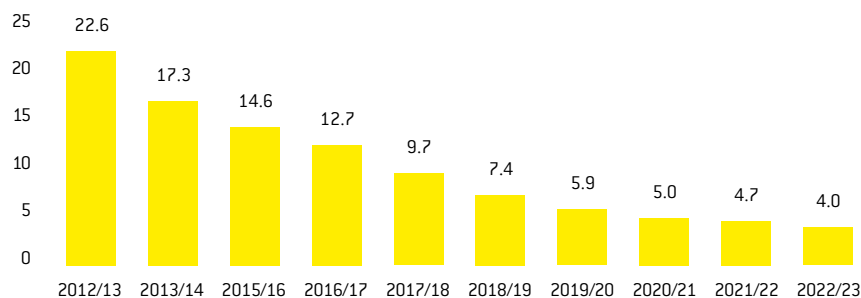


Scope 1 and 2 GHG Emission Intensity / Occupancy, Revenue & CLA (GHG-Int.)

Year ended 31 March	2020	2021	2022 Restated	2023
Total GHG Scope 1 & 2 Emissions location based (t CO ₂ e)	3,159	2,805	2,610	2,366*
Total GHG Scope 2 Emissions market based (t CO ₂ e)	1,410	253	352	242*
Electricity transmission (t CO ₂)	251	224	204	193
Telecoms emissions on our sites (t CO ₂)	144	174	174	177
Employee business travel (t CO ₂ e)	72	76	93	141
Total (t CO ₂ e) Scope 3	467	474	471	511
kgCO ₂ e / revenue (£000s) – location-based store and non store portfolio	17.9	18.3	15.0	12.5*
kgCO ₂ e / revenue (£000s) – market based store and non store portfolio	9.7	1.7	2.0	1.3*
kgCO ₂ e / occupied space	7.2	6.2	5.4	5.0*
kgCO ₂ e / CLA (m ²)	5.9	5.0	4.7	4.0*

* Indicates data reviewed by SGS.

Carbon intensity of stores and non stores against CLA m²



Note: Armadillo included from 2019/20.

3.5 Water

We benchmark our water consumption against the Better Building Partnership's ("BBP") Real Estate Environmental Benchmarks (Water). We have selected: 'Water Benchmarks – Enclosed Shopping Centres' – 'Water Intensity' – Water Intensity by space (litres/m² CPA / year).

At '57' (26,896m³ of water / 472,692m² occupied space), we are very pleased to share that our water consumption remains significantly lower than BBP 'Good Practice'.

We have instructed our utilities consultants to undertake a comprehensive review of our water suppliers/meters and billing processes. Once this is complete we hope this will give us an actionable plan to improve our water data.

3.6 Waste

Our main source of waste is from the operational activities of our stores. Our store staff apply best practice waste segregation for general and mixed dry recyclable materials. Please note, our waste contractor provides further waste segregation and recycling services post collection. We report waste for our Big Yellow store portfolio; our occupied office space at our head office site is excluded as waste collection data falls to our landlord.

During the year, we have changed waste contractors. We hope this change will bring a better level of reporting information about the waste collected from our stores and we will have a better understanding of how the waste is processed once it leaves site. This in turn should improve our data and recycling performance.

3.7 Resources use

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

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

We have swapped out our previous bubble wrap with a product that has 30% recycled content. This product still delivers the protective qualities needed by our customers whilst using a lower content of virgin materials which is better for the environment.

Paper-free customer move-ins went live in our stores in 2021, saving approximately 800,000 pieces of paper each year.

We have continued to move more paper-based processes to online processes, including putting in place an automated delivery system; creating generic posters for Bank Holidays and seasonal trading instead of new posters annually; and, removing the requirement for our stores to print the store equipment handbook by making it available online.

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

3.8 Green store portfolio

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

After the acquisition of Armadillo, the overall EPC coverage dropped a little, however, this past year we have worked hard on improvements to increase this and can now say we have 98% of stores are rated A, B or C. The final 2 Armadillo stores with an EPC rating of D are due for renovation in the next two year; we hope to be able to say the whole estate is C or above after they are complete.

- 100% of our stores are covered by an Energy Performance Certificate.
- 100% CLA (Current Lettable Area) covered by Green aspects.
- We have significantly added to our solar PV estate by equipping our two newest stores – Harrow and Kingston North, acquiring Aberdeen, which has solar and retrofitting solar across 23 other stores. Totalling 3,464 kWp of capacity.
- Electric Vehicle Charging pods now as standard for all new stores and have been retrofitted in 16 existing stores.



Environmental, Social and Governance Report continued

4. Our people

We have a strong culture of inclusivity and diversity within the Company and recruit based on personality over CV. We invest significantly in the training of our team members to ensure that they deliver our high customer service standards and have the opportunity to progress their career.

We continue to encourage a culture of partnership within the business and believe in staff participating in corporate performance through benefits such as customer feedback rewards, bonus schemes and share incentives. We recognise and reward the exceptional performance, achievements, and ideas of our people through a Recognition Points Scheme and allocated points with a value of just over £67,300 for the year ended 31 March 2023.

Over the past year, we have continued to act on the feedback that we obtained from our 2021 bi-annual employee engagement survey. The resulting changes have included Area Managers, Operations Managers and Head Office Customer Support team members working regularly in our stores. They have also included reviewing our Bright Ideas Suggestion Scheme, improving recognition across the business and launching a new Intranet and an Electric Vehicles Salary Sacrifice Scheme. Our next engagement survey will take place in May 2023 and further improvements will be introduced, based upon the feedback that we receive.

In order to improve retention within the Company, we held a number of Retention Forums with over 100 Sales Advisors, Assistant Managers and Customer Support team members. The results of the feedback that we received have been formulated into improvement plans to facilitate the appropriate changes.

We have been very aware of the effect of the current economic climate on our team members, as a result of which we paid our Sales Assistants, Assistant Managers and Customer Support team members a cost of living bonus in November 2022 and February 2023 totalling £500. In addition, we have taken a more flexible approach where team members have applied for loans or advances, to provide them with additional financial support during this time.

4.1 Highlights

- Published our first combined Inclusivity and Diversity Report, to include our Gender and Ethnicity Pay Gaps.
- Launched a new on-line ShareSave Scheme with Global Shares.
- Introduced an on-boarding platform for new team members which professionalises the on-boarding process and offers time efficiencies for both the individual and the People and Talent Team.
- Launched a Transgender Policy to support transgender team members and prevent discrimination within the workplace.
- Two cost-of-living bonuses were paid to our Sales Advisors, Assistant Managers and Customer Support team members to assist them financially in the current economic climate.
- Held Retention Forums with over 100 Sales Advisors, Assistant Managers and Customer Support team members to identify opportunities to improve retention.
- Introduced a Domestic Abuse Support Policy, to support team members who are experiencing, or have experienced domestic abuse and promote their health, safety and wellbeing at work.
- Arranged a Mindfulness Mental Health Development Day for our Wellbeing Experts which focused on techniques that they can use for both themselves and those they are supporting.
- Conducted an extensive salary benchmarking exercise for Sales Advisor and Assistant Manager positions across our stores.
- Continued to include a selection of 'People' KPIs to be assured by SGS.



5. Our communities

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

This is the first full year our daily lives have returned to pre-lockdown levels. Our customers are visiting our stores and meetings and interactions are often back to an in-person setting. We believe we have been conducting our business with integrity and compassion and hope we have been able to make lives easier through our operations. Our aim is to positively contribute to the local communities of our stores through community investments and engagement as well as with our Big Yellow Foundation. We do this in a number of ways, through discounted and free space provided at each store to local charities to fundraising by our employees, matching the funds raised by their endeavours and partnering with the foundations charity partners.

5.1 Highlights

- Big Yellow's community investment for the year, delivered via discounted space, was £267,083.
- We have continued our partnership with Open Orchard at West Norwood to plant and maintain native shrubs.
- Our employees raised £1,779, £1,710 of which qualified for matching by Big Yellow.
- Delivered 5 successful and all-round enriching work placements with Breaking Barriers, Street League and the Down Syndrome Association.
- Continued our financial support of The Big Yellow Inner City Schools Rugby Programme in South London. This initiative, which started in 2017, in partnership with Southwark Rugby Club aims to get local children, many from disadvantaged backgrounds, playing rugby from local urban schools who do not offer the sport as part of their P.E curriculum. The programme now consists of players from 11 local secondary schools and offers the benefits of team building, fitness and healthy competition.

5.2 Community investments

Free space donated for community or charity use (£)	£255,435*
Discounted space of up to 90%	£11,648*
Total employee Big Yellow Foundation fundraising & Big Yellow matched funds (£)	£3,488*
One-off donations	£799*
Total community investment	£271,370*

* Indicates data reviewed by SGS.

5.3 Big Yellow Foundation

We are excited to announce that we have a new charity partner, Working Chance, the UK's only employment charity solely for women with convictions and are currently working to take on a new charity partner supporting ex-military personnel. Our aim when setting up the Big Yellow Foundation was both to develop a strong level of engagement with our charity partners and to review our partnerships after five years. As we bring new charity partners on board, we have taken the difficult decision to end our partnership with two of our inaugural partners: Bounce Back and Hire a Hero. Since the Foundation's launch in 2017, we are proud to have donated £190,000 to these two charities.

During 2022-23 we continued to work with our seven permanent charity partners: Bounce Back, Hire a Hero, Street League, Breaking Barriers, the Back Up Trust, the Down's Syndrome Association, and St Giles Trust.

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

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

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

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

Big Yellow and the Big Yellow Steering Committee has an annual fundraising target of £150,000. The income for the year ended 31 March 2022 was £203,778.

The Foundation paid out £192,500 to its seven charity partners in the year ended 31 March 2023. Most of the grants made are unrestricted funds, helping our charity partners to pay for every day necessities to keep the organisation going.

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

£204,000

Income raised for the Foundation

£192,500

Paid out to Foundation Charity partners

Environmental, Social and Governance Report continued

6. Our customers

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

We provide self storage facilities at all our stores, and office space at 29 stores. The vast majority of our lettable area (98.6%) are self storage units, with 1.4% of our current lettable area used as office space. In terms of numbers, out of our 73,000 customers, less than 0.5% rent offices.

Our reporting therefore focusses on our self storage customers and any reference to 'customer' should be taken to mean 'self storage customer'.

Furthermore, we provide our customers with easy access to relevant environmental and broader ESG information and actively engage with them through our Big Yellow Foundation. We have increased our solar installations significantly this year. Each store with a Solar PV (Photo Voltaic) energy supply has a display in either the reception or loading bay areas indicating how much energy has been generated; all our stores have EPCs [Energy Performance Certificates] with most of the estate achieving a C rating or above.

7. Our suppliers

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

How we manage our suppliers

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

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

7.2 Supplier payment performance

We measure our payment performance to our suppliers on a quarterly basis. Prompt payment is especially important to our smaller suppliers, who may not have the cash flow to do well with very long payment terms.

Year ended 31 March	2021	2022	2023
Within 30 days	58%	88%	89%
Between 30 and 60 days	39%	11%	10%
Over 60 days	3%	1%	1%
Average time to pay an invoice	32 days	25 days	24 days

6.1 Highlights

- Our NPS (Net Promoter Score) for combined move-in and move-out responses was 78.9 over the last 12 months.
- During the year we have strengthened our Customer Engagement activities with:
 - strong social media content 'Big Yellow and Green' www.bigyellow.co.uk/green/.
 - engaging customer web journey ESG related content and the continued use of our customer facing animation telling our environmental story.
 - visibility of our commitment to using renewable energy through in-store displays, as well as a centralised solar generation display on our corporate site.
- Delivered continued engagement with our Big Yellow Foundation: 36.9% of customers donated at move-in stage, 38.4% at move-out stage.

7.1 Highlights

- We are happy to report that we have been able to retain our Prompt Payment Code ("PPC") performance certificate due to our continued strong payment performance.
- We continue to deliver strong payment performance:
 - We paid 89% of invoices within 30 days and a further 10% between 30 and 60 days, a continued improvement from the prior year (88% within 30 days and 11% between 30 and 60 days).
 - Our average time to pay an invoice was 24 days (2022: 25 days).
- We measure our payment performance to our suppliers on a quarterly basis. Prompt payment is especially important to our smaller suppliers, who may not have the cash flow to do well with very long payment terms.

7.3 Supply chain risk

No issues were raised to us via our confidential Whistleblowing Helpline in the last financial year.

Following the successful solution found for last year's serious and credible concerns raised about the potential of human rights breaches within our solar panel supply chain. We have engaged SGS to work with us on a Supply Chain Risk framework and assess a number of our key suppliers. We have focused on the top 80% of our value chain. Engaging with them on topics including their approach to ESG, environmental management, health and safety and general governance and succession planning. We have set out a plan to work with our suppliers in more detail across some of these areas going forward.

We are delighted to share that no further large issues have come to light. We have a plan in place to work with those suppliers that have not yet formalised some of their internal processes to a standard we would like to see. We also plan to standardise our supplier onboarding process for new suppliers in the future.

Our approach differentiates between suppliers who provide services here in the UK and others who may provide products or materials from further afield. For suppliers and their employees working in the UK, especially the ones who provide us with Construction or Facilities/Maintenance services, we provide an anonymous whistleblowing helpline, and no issues were reported during the year. Our construction partners have been displaying the poster in our construction site offices; our Facilities contractors in our store communal areas.

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

Scope 3 Footprint

Understanding our Scope 3 Footprint is a necessary first step to understand material aspects of our extended value chain and with it lead to better preparedness to meet future opportunities and challenges. We conducted and published our Big Yellow footprint last year including that of the newly acquired Armadillo stores, this can be read at https://corporate.bigyellow.co.uk/download_file/1007/237.

The work highlighted several main areas that our scope 3 footprint falls into, these include embodied carbon of our newly built stores and carbon associated with our suppliers or goods and services. We have started looking at these areas this year and plan to work with our suppliers moving forward to reduce these areas of emissions.

We have had our Science Based Targets fully verified by the Science Based Target initiative. The targets are as follows:

- Big Yellow commits to reduce absolute scope 1 and 2 GHG emissions by 70% by FY2032 from a FY2019 base year.
- Big Yellow also commits to reduce scope 3 GHG emissions from purchased goods and services, capital goods, and fuel and energy related activities by 61.1% per square foot within the same time frame.

This work will now be repeated annually as part of our monitoring process to track our progress against our Science Based Targets. Please see our Benchmark and Standards section in our ESG report for further information.

CDP Supplier Engagement Rating ("SER")

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

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

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

We are pleased to confirm we have achieved a B rating in the Supplier Engagement Rating.



Environmental, Social and Governance Report continued

8. Our health and safety

Big Yellow Self Storage recognises the importance of maintaining high standards of health and safety for our customers, staff, contractors, and any visitors to our stores.

Our Health and Safety Committee reviews Policies, Risk Assessments, performance, and records on a quarterly basis. The Policies cover two distinct areas – our routine store operations and our fit-out construction activities.

The Health and Safety Committee discuss and review any issues reported from our regular meetings held at Bagshot (our head office), Maidenhead (our distribution warehouse), the stores and our construction sites. Our Health and Safety Policy states that all employees have a responsibility for health and safety, but that managers have special responsibilities. The responsibilities of our Operations Director are to keep the Board advised on health and safety issues and to ensure compliance with the Policy in respect of Construction (via the Construction Director) and store operations (via the Head of Facilities and Store Operations Managers). Externally, other interested stakeholders include the Health and Safety Executive (HSE) and Local Government Authorities.

8.1 Highlights

Our health and safety highlights this year as follows:

- There were no “Fatal Injuries, Notices or Prosecutions” in any part of our operations during the year ended 31 March 2023.
- Out of the 34 minor injuries to our customers, contractors and visitors, 16 were the result of minor cuts. All of these could have been avoided by wearing protective gloves.
- Our staff suffered 7 minor injuries, for a variety of reasons, including cuts and trips.
- There were 10,615 ‘Person Days’ worked on new store construction ‘Fit-out’ projects in 2022/23. This work was on our new store developments in Hove, Harrow, Kingston North and Kings Cross. There were 0 reportable accidents from these projects for our Construction Fit-Out activities.
- During the year, we opened our new stores in Harrow and Kingston North. The Considerate Constructor Scheme (“CCS”) scores for the two newly opened stores were as follows: Harrow 41; Kingston North 39.

8.2 KPIs

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

Despite the fact that the scope of our construction work has increased, absolute numbers of injuries have reduced.

Store customer, contractor and visitor health and safety

Year Ended 31 March	2020	2021	2022	2023
Number of customer move-ins ⁽⁵⁾	70,661	66,366	88,094	88,799
Number of minor injuries	56	37	27	34*
Number of reportable injuries (RIDDOR)	0	2	1	2*
RIDDOR per 100,000 customer move-ins	0.0	3.0	1.1	2.3*

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

Notes:

- RIDDOR = Reporting of Injuries, Diseases and Dangerous Occurrences.
- Annual Injury Incident Rate = the number of staff reportable injuries / average number of staff (x100,000).

Big Yellow staff health and safety (Stores and Head Office)

Year Ended 31 March	2020	2021	2022	2023
Average number of staff ⁽⁶⁾	361	370	427	465
Number of minor injuries	10	6	16	7*
Number of reportable injuries (“RIDDOR”)	0	0	0	0*
AIRR per 100,000 staff	0	0	0	0*

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

⁽⁵⁾ Please note this number is provided by the central finance team and audited as part of our third-party financial audit. Any normalising data is not assured by SGS.

⁽⁶⁾ Average FTE at 31 March 2023 has been used.

Big Yellow construction 'fit-out' health and safety

Year Ended 31 March	2020	2021	2022	2023
Number of total person days worked	2,667	7,111	6,626	10,615*
Number of minor injuries	1	7	3	1*
Number of reportable injuries (RIDDOR)	0	0	0	0*

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

9. Benchmarks and standards

9.1 Highlights

- For the third year, we achieved a “Gold” standard for EPRA SBPR (sustainable best practice reporting).
- We achieved a GRESB score of 86% (4 stars) – despite the inclusion of our Armadillo stores.
- We achieved a ‘B’ (Management) rating from CDP 2021.
- We have maintained:
 - Our ISS score of C – Prime status.
 - Our FTSE4Good scores of 3.1 and inclusion in the index.
- We have updated our risk and opportunities assessment as part of our commitment to implement the TCFD recommendations – for more information, please see the ‘Managing Risks and Opportunities’ section.
- For Construction activities, we also sign up to BREAAAM standards and the Considerate Constructor Scheme (‘CCS’); Harrow and Kingston achieving a score of 41 and 39.

9.2 Science-based targets

Science-based targets have increased in popularity as a way of businesses showing genuine commitment to reducing their emissions and impact on the wider world. The process of target verification is a rigorous one, completed by qualified individuals at the Science Based Targets initiative. The process has multiple stages of scrutiny with each calculation and target pathway considered. We have now had our targets externally verified. Our public commitment is as follows.

Our commitment

Big Yellow Group PLC commits to:

- reduce absolute scope 1 and 2 GHG emissions 70% by FY2032 from a FY2019 base year.
- reduce scope 3 GHG emissions from purchased goods and services, capital goods, and fuel and energy related activities 61.1% per square foot within the same time frame.

Scope of emission	coverage	Type of target	2020 baseline	2032 target %	2032 target
Scope 1 & 2	100%	absolute	3,160 tCO ₂ e	-70%	948 tCO ₂ e
Scope 3	61.10%	intensity	3.3 kgCO ₂ e /sq ft	-61.1%	1.3 kgCO ₂ e /sq ft



Environmental, Social and Governance Report continued

10. Legislation

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

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



11. Our stakeholders

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

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

Investors

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

	2019/20	2020/21	2021/22
CDP	A-	B	B
GRESB	80 – 4 Green Stars	84 – 4 Green Stars	86 – 4 Green Stars
FTSE4Good	Included – 3.1	Included – 3.1	Included – 3.1

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

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

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

Assurance Statement

SGS United Kingdom Ltd's assurance opinion on selected KPI data in the Big Yellow Environmental, Social and Governance report 2022/23



Nature and purpose of the assurance

SGS United Kingdom Ltd (hereinafter referred to as SGS) was commissioned by Big Yellow Group PLC ('Big Yellow') to conduct an independent assurance of selected KPI data in their Environmental, Social and Governance Report 2022/23 ('the Report').

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

Intended users of this assurance statement

This Assurance Statement is provided with the intention of informing all Big Yellow's Stakeholders.

Responsibilities

The information in the Report and its presentation are the responsibility of the directors and the management of Big Yellow. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all Big Yellow's stakeholders.

Assurance standards, type and level of assurance

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within ISAE3000.

The assurance has been conducted at a limited level of assurance according to ISAE3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, to evaluate veracity of specific KPIs as described below using SGS Sustainability Report Assurance protocols.

Scope of assurance

The scope of the assurance included FY2022/23 data only for the following KPIs:

Carbon footprint scope 1 & 2 data:

- Store electricity emissions (tCO₂e)
- Store flexi-office gas emissions (tCO₂e)
- Refrigerant emissions (tCO₂e)
- Absolute operational carbon dioxide emissions (tCO₂e)
- Store electricity use (MWh)
- Like-for-like electricity use (tCO₂e)
- Absolute carbon emissions (tCO₂e) – location-based
- Absolute carbon emissions (tCO₂e) – market-based
- Carbon intensity (kgCO₂e /m² current lettable area)
- Carbon intensity (kgCO₂e /m² occupied space)
- Carbon intensity (tCO₂e/£000s revenue) – location-based
- Carbon intensity (tCO₂e/£000s revenue) – market-based
- Total renewable energy generated (kWh)
- Renewable energy percentage of total store use (%)

Carbon footprint scope 3 data:

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

Safety data:

- Staff, customer, contractor and visitor minor injuries
- Staff, customer, contractor and visitor reportable injuries (RIDDOR)
- Staff, customer, contractor, and visitor annual injury incidence rate (AIIR) per 100,000 staff
- Staff, customer, contractor, and visitor health and safety notices or fines
- Construction 'fit-out' minor injuries
- Construction 'fit-out' reportable injuries (RIDDOR)

Assurance Statement continued

Community investment data:

- Free space donated for community or charity use (£)
- Charity discounts of up to 90% (£)
- Total employee Big Yellow Foundation fundraising & Big Yellow matched funds (£)
- One-off donations (£)
- Total community investment (£)

People data:

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

Greenhouse gas (ghg) data

CO₂ emissions from own operations were verified at a limited level of assurance according to standard EN ISO14064- 3:2019 Specification With Guidance For The Validation And Verification Of Greenhouse Gas Assertions, to establish conformance with the requirements of Big Yellow's reporting methodology as stated in its 'Basis of Reporting 2022/23' and the WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard ('The WRI/WBCSD GHG Protocol'), within the scope of the verification. The materiality required of the verification was considered by SGS to be below 10%, based on the needs of the intended user.

The engagement included verification of emissions from anthropogenic sources of greenhouse gases included within the organisation's boundary and meeting the requirements of Big Yellow's 'Basis of reporting 2022/23', and the WRI/WBCSD GHG Protocol. The organisational boundary was established following the operational control approach.

- Description of activities: Self-Storage services
- Location/boundary of the activities: United Kingdom
- Physical infrastructure, activities, technologies and processes of the organisation: Self-storage stores and administrative offices
- GHG sources, sinks and/or reservoirs included:
 - Scope 1 – stationary combustion, mobile combustion and fugitive emissions,
 - Scope 2 – purchased electricity and solar generation,
 - Scope 3 – Store water and waste
- Types of GHGs included: CO₂, N₂O, CH₄ (HFCs, PFCs, SF₆ and NF₃ are excluded)
- Directed actions: none.

Assurance methodology

The assurance comprised a combination of:

- Pre-assurance research
- Management interviews, including the ESG Manager, Senior Managers and Directors with responsibility for performance in the areas within scope
- Interview with managers responsible for internal data collection and reporting databases
- Interview with the external provider managing GHG emissions reporting and analysis
- Document review of relevant management systems, policies and procedures
- Understanding, analysing and sample testing the key data collection, aggregation, validation and reporting systems, processes, procedures, and controls
- Reviewing Report content against our findings and making recommendations for improvement.

Verification was conducted upon all KPIs within the verification scope as an evaluation of historical data and information to determine whether the reported KPI data is materially correct and conforms to criteria described above.

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Limitations and mitigations

Financial data and other data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process. This includes lettable area, occupied space, and revenue data used to normalise figures.

Normalising data was provided to SGS by the Big Yellow central finance team in April 2023. This represents their final data prior to formal final sign off from the auditors in June 2023. This data has not been verified by SGS and this has been made clear in the report. For normalised KPIs, we have confirmed that the calculation method is correct and that the correct numerator has been used.

Statement of independence and competence

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from Big Yellow, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment and conducted the assurance in accordance with the SGS Code of Integrity.

Findings and conclusions

Assurance opinion

On the basis of the methodology described and the verification work performed, SGS concludes with limited assurance that there is no evidence that causes us to believe that the KPI data within the scope of our verification as reported by Big Yellow in the Report is not, in all material respects, a fair representation of data and information.

Overall, the communication and presentation of information is appropriate to the size of the business, and its ESG impacts, risks and opportunities. We believe that the organisation has chosen an appropriate level and scope of assurance for this stage in their reporting.

Specific opinion on greenhouse gas (GHG) data

SGS concludes with limited assurance that there is no evidence to suggest that the presented CO₂ equivalent assertion is not materially correct and is not a fair representation of the CO₂ equivalent data and information and is not prepared following the requirements of Big Yellow's 'Basis of reporting 2022/23', and the WRI/WBCSD GHG Protocol.

We planned and performed our work to obtain the information, explanations and evidence that we considered necessary to provide a limited level of assurance that the CO₂ equivalent emissions for the period 01/04/2022 – 31/03/2023 are fairly stated. This statement shall be interpreted with the CO₂ equivalent assertion of Big Yellow as a whole.

Big Yellow provided the GHG assertion based on the requirements of its 'Basis of reporting 2022/23' and the WRI/WBCSD GHG Protocol. The GHG information for the period 01/04/2022 – 31/03/2023 disclosing gross scope 1 and scope 2 emissions of 2,366 metric tonnes of CO₂ equivalent (Location-Based) and 242 metric tonnes of CO₂ equivalent (Market Based) are verified by SGS to a limited level of assurance, consistent with the agreed verification scope, objectives and criteria.

Verified emissions by scope are as follows:

- Scope 1 (Direct): 242 tCO₂e
- Scope 2 – Location-based (Indirect): 2,124 tCO₂e
- Market-based (Indirect): 0 tCO₂e
- Scope 3 – Water (excludes non store facilities) – 11 tCO₂
- Scope 3 – Waste (excludes non store facilities) – 31 tCO₂e

Health and safety, people and community investment data

SGS concludes with limited assurance that there is no evidence to suggest that the reported data is not materially correct and is not a fair representation of data and information, and is not prepared following the requirements of Big Yellow's 'Basis of reporting 2022/23'.

Good practice and opportunities for improvement

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

Good practice

- Big Yellow operates a robust data collection process and the GHG data reporting platform used was found to be robust enough to provide accurate and consistent data reporting when tested.
- People and Community data is generated from well managed systems, using clear and consistent reporting parameters.

Opportunities for improvement

- Continue efforts with obtaining detailed water data based on actual rather than estimated data.
- Consider using an online system for managing health and safety reports at stores and fit-out sites.
- Consider a more formalized system for managing and reporting value of donation of materials to charities.
- Consider reporting People data using Gender Identity categories, in line with evolving industry best practice.
- Continue to expand the scope of assurance to cover other reported community and people KPIs.
- Review report content – including KPIs – against evolving sustainability and ESG reporting standards, and the changing information needs of customers, investors and other stakeholders.
- Consider formal review of material ESG issues, to demonstrate that the strategy addresses the issues that are of core concern to shareholders and other key stakeholders.

Signed:

For and on behalf of SGS United Kingdom Ltd

Jonathan Hall
Global Head, Certification Services

12th May, 2023
www.sgs.com

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