

Strategic Report

Our Investment Case**Annual compound adjusted eps growth of 15% since 2004/5.**

In the nineteen years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return ("TSR"), including dividends reinvested, of 15.3% per annum, in aggregate 1,380% at the closing price of 991.5p on 31 March 2019. This compares to 6.1% per annum for the FTSE Real Estate Index and 5.1% per annum for the FTSE All Share index over the same period. We feel this illustrates the power of compounding of consistent incremental returns over the longer term.

**OUR VALUES****Leading by example**

We are the leaders in the UK self storage industry with the strongest brand and the best people.

Customer focussed

We put the customer at the heart of our business.

A culture based on personality

We think brilliant customer service starts with a warm and friendly personality, which is what we look for when recruiting.

A sustainable focus

We recognise the most important space is the environment that surrounds us and are committed to operating sustainably.

Investing in community

Helping support the communities and charities in the areas we operate in and through the Big Yellow Foundation.

HOW WE DO IT**1****Attractive market dynamics**

- UK self storage penetration in key urban conurbations remains relatively low
- Limited new supply coming onto the market
- Resilient through the downturn
- Sector growth is positive, with increasing domestic awareness and demand

2**Our competitive advantage**

- UK industry's most recognised brand with 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
- 5.7 million sq ft UK footprint (Big Yellow and Armadillo combined)
- Primarily freehold estate concentrated in London and South East and other large metropolitan cities
- Larger average store capacity – economies of scale, higher operating margins
- Secure financing structure with strong balance sheet

3**Evergreen income streams**

- 56,000 customers from a diverse base – individuals, SMEs and national accounts
- Average length of stay for existing customers of 25 months
- 33% of customers in stores greater than two year length of stay
- Low bad debt expense (0.2% of revenue in the year)

4**Strong growth opportunities**

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

5**Conversion into quality returns**

- Freehold assets for high operating margins and operational advantage
- Low technology and obsolescence product, maintenance capex fully expensed
- Annual compound adjusted eps growth of 15% since 2004/5
- Annual compound cash flow growth of 15% since 2004/5
- Dividend pay-out ratio of 80% of adjusted eps

Strategic Report (continued)

Our Strategy

Building futures

A strategy to deliver sustainable earnings growth and shareholder value.

Our strategy from the outset has been to develop Big Yellow into the market leading self storage brand, delivering excellent customer service, with a great culture and highly motivated employees. We continue to be the market leading brand, with unprompted awareness of six times that of our nearest competitor (source: YouGov survey, April 2019). We concentrate on developing our stores in main road locations with high visibility, where our distinctive branding generates high awareness of Big Yellow. Our accreditation in the year for The 100 Best Companies to Work For was pleasing as an independent assessment of our employee engagement, and our customer satisfaction survey scores remain very high, with an average customer net promoter score of 79.1 in the year, and average Trustpilot scores of 9.6 out of 10.

Self storage demand from businesses and individuals at any given store is linked in part to local economic activity, consumer and business confidence, all of which are inter-related. Fluctuations in housing activity whether in the rented or owner occupied sector, are also a factor and in our view influence the top slice of demand over and above a core occupancy. The performance of our stores was relatively resilient during the collapse in housing activity and GDP over the period 2007 to 2009, with London and the South East proving to be less volatile. In the last 12 years since April 2007, we have added 2.1 million sq ft of capacity and 2.0 million sq ft of occupancy.

Local GDP and hence business and housing activity are greatest in the larger urban conurbations and in particular London and the South East. Furthermore, people and businesses are space constrained in these more densely populated areas. Barriers to entry in terms of competition for land and difficulty around obtaining planning are also highest in more urbanised locations.

Over the last 20 years we have built a portfolio of 75 Big Yellow self storage centres, largely freehold, purpose-built and focussed on London, the South East and large metropolitan cities. We believe that by owning a predominantly freehold estate we are insulating ourselves against adverse rent reviews and in the long term possible redevelopment of key stores by the landlord. We currently have a pipeline of twelve freehold development opportunities and are looking to expand that pipeline with a view to growing the Big Yellow platform to 100 stores over the next seven to ten years.

66% 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 83%. Any future external growth will be executed in a way so as to maintain a proportion of 80% or more in London and the South East with the balance in regional cities.

Our Big Yellow stores are on average 62,000 sq ft, compared to an industry average of approximately 44,000 sq ft (source: The Self Storage Association 2019 UK Annual Survey). The upside from filling our larger than average sized stores is, in our view, only possible in large metropolitan markets, where self storage demand from domestic and business customers is the highest. As the operating costs of our assets are relatively fixed, larger stores in bigger urban conurbations, particularly London, drive higher revenues and higher operating margins.

The self storage market

In the recently published 2019 Self Storage Association UK Survey, only 48% of those surveyed had a reasonable or good awareness of self storage. Furthermore, only 9% of the 2,170 adults surveyed were currently using self storage, or were thinking of using self storage, in the next year. This indicates a continued opportunity for growth and with increasing use of self storage, together with the ongoing marketing efforts of everyone in the industry, we anticipate awareness will grow.

Self storage is not a commoditised product and awareness is driven largely by businesses and individuals using self storage. Consequently, the increase in awareness over time has been relatively slow, with good awareness of self storage increasing from 38% in 2014 to 48% in 2019 across the UK (source: UK SSA Survey 2019). Our YouGov Survey carried out in April 2019 showed higher levels of awareness in London of 65%, up from 58% in 2014.

Growth in new facilities across the industry has been largely in regional areas of the UK and in particular in smaller towns. In London in the year to 31 December 2018, there were four new store openings offset by three closures. We are aware of only two planned store openings in London in 2019.

The Self Storage Association ("SSA") estimates that the UK industry is made up of approximately 1,582 self storage facilities (of which 381 are purely container operations), providing 45.6 million sq ft of self storage space, equating to 0.68 sq ft per person in the UK. This compares to 9.4 sq ft per person in the US, 1.8 sq ft per person in Australia and 0.1 sq ft for mainland Europe, where the roll-out of self storage is a more recent phenomenon (source: FEDESSA European Self Storage Annual Survey 2018). 30% of the self storage facilities in the UK are held by large operators (defined as those managing 10 facilities or more), but the SSA estimate over 40% of total capacity. Given the dominance of the larger brands in the South East, we would expect the proportion of revenue earned by the top five operators to be approximately 50% of the annual industry turnover of £720 million.

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

KPIs

The Group's KPIs are shown in the charts on page 20 and 21. The key performance indicators of our stores are occupancy and net rent per sq ft, which together drive the revenue of the business. These are three key measures which are focussed on by the Board, and are reported on a weekly basis. Over the course of the past five years, both occupancy and revenue have grown significantly. Closing net rent per sq ft decreased by 3.5% in 2015 principally reflecting the acquisition of the Big Yellow Limited Partnership stores, a regional portfolio, with a lower average net rent per sq ft. In 2016 closing net rent increased by 2.7%, by 0.5% in 2017, by 2.7% in 2018 and by 2.0% in the current year. Our key focus is on continuing to grow occupancy, with growth in net rent following once the stores have reached higher occupancy levels.










Adjusted profit before tax, adjusted earnings per share which drive the distributions to shareholders (as our dividend policy is to pay 80% of adjusted earnings as dividends) are also KPIs. The Group focuses on adjusted profits and earnings measures as they give a clearer underlying picture of the Group's trading performance without distortion from external factors such as property valuations and the fair value of derivatives. We have delivered compound adjusted eps and dividend growth of 11% over the past five years. Compound adjusted eps growth since 2004/5 is 15%. We have illustrated the Group's performance in these measures over the past five years on pages 20 and 21.

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 79.1. This has increased by 19% over the past five years. We believe this overall score compares very favourably with other consumer facing businesses.

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

We continue to believe that the medium term opportunity to create shareholder value will be achieved principally by increasing occupancy and net rent per sq ft in our existing platform to drive revenue, the majority of which flows through to the bottom line. Our key objectives remain:

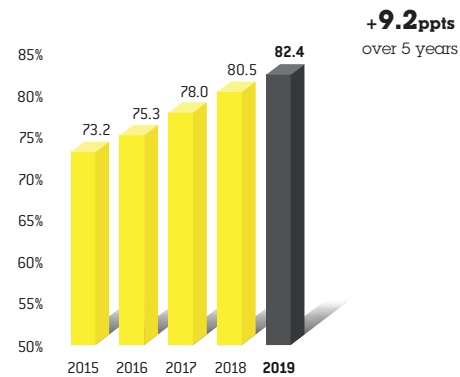
Our strategic objectives

<p>1. LEVERAGING OUR POSITION</p> 	<p>Leveraging our market leading brand position to generate new prospects, principally from our digital, mobile and desktop platforms</p>	<p>6. ACQUIRING ARMADILLO ASSETS</p> 	<p>Selectively acquiring existing self storage assets into the Armadillo platform</p>
<p>2. STRENGTHENING OUR CUSTOMER RELATIONSHIPS</p> 	<p>Focusing on training, selling skills, and customer satisfaction to maximise prospect conversion and referrals</p>	<p>7. A SUSTAINABLE BUSINESS</p> 	<p>Through our corporate social responsibility initiatives, aim to operate a sustainable business which will increase shareholder and customer value in both the medium and longer term</p>
<p>3. GROWING OCCUPANCY</p> 	<p>Growing occupancy and net rent so as to drive revenue optimally at each store</p>	<p>8. A CONSERVATIVE CAPITAL STRUCTURE</p> 	<p>Maintaining a conservative capital structure in the business with Group interest cover of a minimum of five times</p>
<p>4. FOCUS ON COST CONTROL</p> 	<p>Maintaining a focus on cost control, so revenue growth is transmitted through to earnings growth</p>	<p>9. PRODUCING SUSTAINABLE RETURNS</p> 	<p>Producing sustainable returns for shareholders through a low leverage, low volatility, high distribution REIT</p>
<p>5. INCREASING OUR FOOTPRINT</p> 	<p>Increasing the footprint of the Big Yellow platform principally through new site development and where possible, existing prime freehold stores that meet our quality criteria</p>		

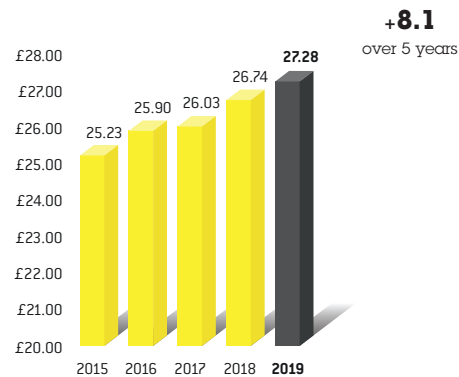
Our Key Performance Indicators

A strong track record

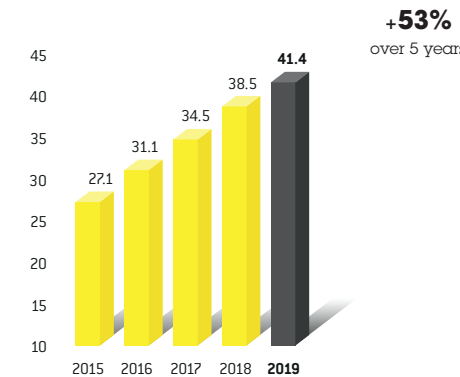
Occupancy (%) **+1.9ppts**



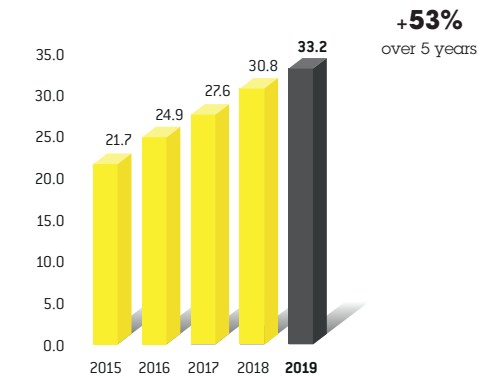
Closing net rent per sq ft (£) **+2.0%**



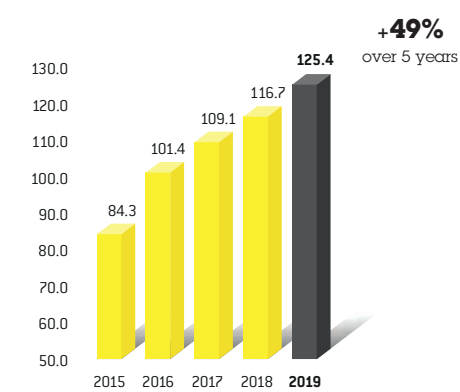
Adjusted earnings per share (pence) **+8%**



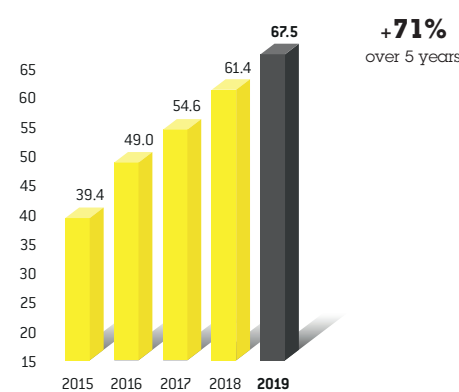
Dividend per share (pence) **+8%**



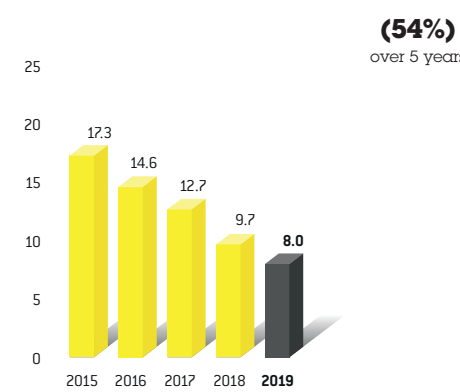
Revenue (£m) **+7%**



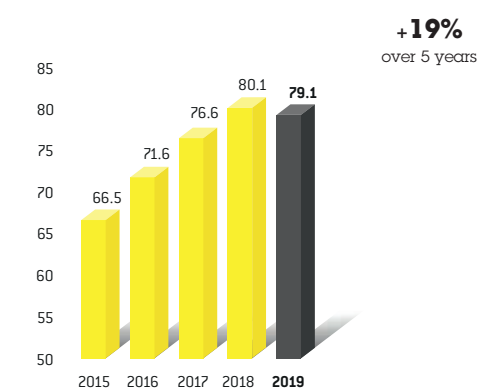
Adjusted profit before tax (£m) **+10%**



Carbon intensity (per sq m occupied) **(18%)**



Net Promoter Score **(1%)**



Strategic Report (continued)

The self storage market

A growing marketplace

Big Yellow is well placed to benefit from the growing self storage market.

The strongest brand

For the last 13 years, we have commissioned a YouGov survey to help us monitor our brand awareness. In our most recent survey conducted in April 2019, our prompted awareness is 72% in London, nearly two and a half times higher than our nearest competitor and 41% for the rest of the UK, nearly three times higher than our nearest competitor.

For unprompted brand awareness, our recall in London is 48%, five and a half times higher than our nearest competitor and for the rest of the UK it is 20%, nearly six times higher than our nearest competitor.

The UK Self Storage Association (“SSA”) has also conducted a brand awareness survey with similar results. According to their YouGov survey conducted in January 2019, Big Yellow’s unprompted brand awareness across the UK is over five times higher than our nearest competitor.

These surveys continue to prove we are the UK’s brand leader in self storage.

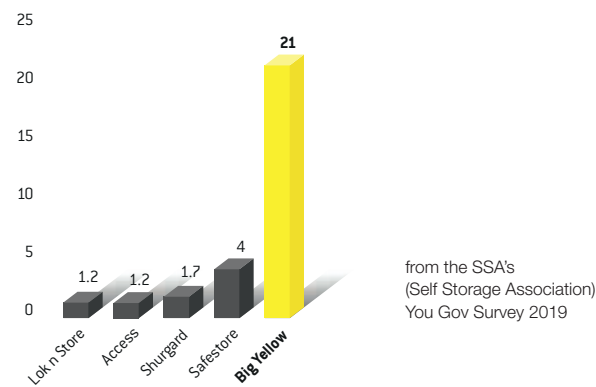
Big Yellow YouGov survey of 1,008 respondents in London and 3,806 for the rest of the UK.



Room to grow

In the recently published 2019 Self Storage Association UK Survey, 48% of those surveyed had a good awareness of self storage. Furthermore 9% of the 2,170 adults surveyed were currently using self storage, or were thinking about using self storage in the next year. This indicates a continued opportunity for growth and with the increasing use of self storage, together with the ongoing marketing efforts of everyone in the industry, we anticipate awareness will grow.

Unprompted awareness for the whole UK (%)



Not a commoditised product

Self storage is not a commoditised product and awareness is driven largely by businesses and individuals using self storage. Awareness over time has therefore been increasing. In London 65% have a good awareness of self storage up from 58% in 2014. A good awareness of self storage is also increasing across the UK up from 38% in 2014 to 48% in 2018.

Our high brand awareness and our online platform which generates 90% of our enquiries means Big Yellow is well placed to benefit from this growing demand for self storage.



OPERATIONAL AND MARKETING REVIEW

We now have a portfolio of 75 open and trading Big Yellow stores (with Manchester having opened in May 2019), with a further 12 development sites.

The current maximum lettable area of the 75 stores is 4.7 million sq ft. When fully built out the portfolio will provide approximately 5.5 million sq ft of flexible storage space.

In addition we part-own and manage 24 Armadillo stores which are principally located in northern UK towns and cities, and operate from a platform of 1.0 million sq ft.



Strategic Report (continued)

Operational and Marketing Review (continued)

Excellent customer service is at the heart of our business objectives, as a satisfied customer is our best marketing tool.

Overview

Growth in new self storage centre openings, excluding container operators, over the last five years has averaged 2% to 3% of total capacity per annum, down significantly from the previous decade. Additionally, in our core markets in London and the South East, high land values driven by competing uses such as residential, and complex planning rules, are making the creation of new supply very difficult for all operators. We believe that we are in a relatively strong position given the strength of our balance sheet and our proven property development expertise, together with our ability to access funding to exploit the right opportunities.

Operations

The Big Yellow store model is well established. The “typical” store has 60,000 sq ft of MLA and takes some three to four years to achieve 85% plus occupancy. The average room size occupied in the portfolio is currently 68 sq ft, in line with last year. The store is open seven days a week and is initially run by three staff, with a part time member of staff added once the store occupancy justifies the need for the extra administrative and sales support.

The drive to improve store operating standards and consistency across the portfolio remains a key focus for the Group. Excellent customer service is at the heart of our business objectives, as a satisfied customer is our best marketing tool. We measure customer service standards through a programme of mystery shopping and online customer reviews, which are externally managed. Over the year, we have achieved an average net promoter score of 79.1.

We have a team of ten area managers in place who have on average worked for Big Yellow for 12 years. They develop and support the stores to drive the growth of the business.

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

We believe, that as a consumer-facing branded business, it is paramount to maintain the quality of our estate and customer offering. We therefore continue to invest in preventative maintenance, store cleaning and the repair and replacement of essential equipment, such as lifts and gates. The ongoing annual expenditure is approximately £37,000 per store, which is included within cost of sales. This excludes our rolling programme of store makeovers, which typically take place every five years, at a cost of approximately £20,000 per store. Over the last five years we have invested £12 million in the upkeep and maintenance of our stores, all of which has been expensed in the statement of comprehensive income.

Demand

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

We are confident that Big Yellow benefits disproportionately from this improving market for our product, due to our market-leading brand and operating platform with our focus on London, the South East and large metropolitan cities. Our digital platform now accounts for 90% of our prospects, of which over half come through our mobile site.

Customers renting storage space whilst moving within the rental or owner occupied sectors represent 41% of move-ins during the year (2018: 42%), split evenly between the homeowners and renters. 12% of our customers who moved in took storage space as a spare room for decluttering (2018: 11%). 35% of our customers used the product because some event has occurred in their lives generating the need for storage; they may be moving abroad for a job, have inherited possessions, are getting married or divorced, are students who need storage during the holidays, or homeowners developing into their lofts or basements (2018: 35%). The balance of 12% of our new customer demand during the year came from businesses (2018: 12%).

There is a growing trend towards self-employment and smaller business start-ups in the UK, dynamics that are positive for self storage. Additionally, businesses in the UK are increasingly seeking flexible office and storage space rather than longer inflexible leases. The deindustrialisation of big cities with the conversion of commercial space into residential and other uses, is also a driver for demand from the SME market seeking flexible warehouse space.

During the prior year, the Group commissioned an external survey to assess the value the average Big Yellow store generates for its local economy. 36% of the Group’s space is occupied by business customers, and the average store is home to 105 different businesses who between them employ 300 people as a direct result of their occupation. 60% of the businesses that occupy our stores are start-ups who have never rented space anywhere else before. For over half of the businesses, this is the only space they rent, for others this complements their other space. The report estimated that across Big Yellow over 23,000 jobs are created working for over 7,700 businesses. In addition, average local Gross Value Added generated by Big Yellow’s business customers in each store is approximately £17 million per annum, or over £1 billion nationally.

Of our overall occupied space today, customers who are longer stay lifestyle users, decluttering into small rooms as an extension to their accommodation, occupy 10% to 15% of our space; approximately 50% of the space is customers using it for less than 12 months, for reasons which are largely event driven, which could be inheritance, moving in the owner occupied or rental sector, home improvements, travelling; the balance of 36% of our space is businesses. Businesses occupy larger rooms on average than domestic customers and, despite being in 36% of the occupied space only represent 21% of customer numbers.

We have a dedicated national accounts team for business customers who wish to occupy space in multiple stores. These accounts are billed and managed centrally. We have four full time members of staff working on growing and managing our national account customers.

The national accounts team can arrange storage at short notice at any location for our customers. In smaller towns where we do not have representation, we have negotiated sub-contract arrangements with other operators who meet certain operating standards.

Marketing and ecommerce

Our marketing strategy focuses on driving enquiries and customer satisfaction through our digital platforms.

For the last 13 years, we have commissioned a YouGov survey to help us monitor our brand awareness. In our most recent survey conducted in April 2019, we used a statistically robust sample size of 1,008 respondents in London and 3,806 for the rest of the UK. The survey has shown our prompted awareness to be at 72% in London, nearly two and a half times higher than our nearest competitor and 41% for the rest of the UK, nearly three times higher than our nearest competitor.

Market leading brand

Our unprompted brand awareness is five and half times our nearest competitor in London and nearly six times for the rest of the UK.

48%

Unprompted brand awareness in London



Strategic Report (continued)

Operational and Marketing Review (continued)

For unprompted brand awareness, our recall in London is 48%, five and a half times higher than our nearest competitor and for the rest of the UK it is 20%, nearly six times higher than our nearest competitor. The UK Self Storage Association (“SSA”) has also conducted a brand awareness survey with similar results. According to their YouGov survey conducted in January 2019, Big Yellow’s unprompted brand awareness across the UK is over five times higher than our nearest competitor. These surveys continue to confirm our brand leading position in self storage.

The Big Yellow website, whether accessed by desktop, tablet or smartphone, delivers the largest share of our prospects, accounting for 90% of all sales leads across the year ended 31 March 2019, with the balance coming from telephone or walk-in enquiries as the first point of contact.

Across the year ended 31 March 2019, our online market share of weekly web visits remained strong, ranging from 22% to 32% [source: Connexity Hitwise recording visits to 59 UK self storage operators]. This results from our continued investment and innovation across our mobile and desktop digital platforms driving both paid and SEO search.

We monitor and improve the website user journeys on an ongoing basis. We are committed to making the experience as easy, intuitive and informative as possible for our customers. Both the mobile specific website and our desktop site are designed with helpful and time saving online tools such as Check-in Online, online FAQs, video store tours, online chat, BoxShop and a Click and Collect service for packing materials. These all help the customer to make an informed choice about their self storage requirements.

Online customer reviews

Consistent with our strategy of putting the customer at the heart of our business, our online customer reviews generate real-time feedback from customers as well as providing positive word of mouth referral to our web 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 reviews on the Big Yellow website. There are currently over 28,000 of these customer reviews published averaging 4.8 out of 5.

The Big Impressions programme also generates customer feedback on their experience when they move out of a Big Yellow store and also from prospects who decided not to store with us. This programme reinforces best practice of customer service at our stores where customer reviews and mystery shop results are transparently accessible at all levels.

We also gain real-time customer insight from over 5,800 Google Reviews averaging 4.6 out of 5 and 1,354 TrustPilot Reviews currently averaging 9.6 out of 10.

We regularly monitor our customer reviews plus any online mentions of Big Yellow on social media, news sites and across the web generally. We use this insight to monitor our brand and improve our service offering.

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, which represents 90% of our total enquiries.

Search engines are the most important acquisition tool for us, accounting for the majority of traffic to our website. We continue to invest in search engine optimisation (“SEO”) techniques both on and off the site which helps us achieve high positions for the most popular self storage related search terms in the organic listings on Google. Of the top 100 self storage search terms, 32 feature brands, representing approximately 42% of the search traffic [source: Connexity Hitwise, 12 weeks ended 30 March 2019].

This clearly indicates that, although self storage is a relatively immature industry with 70% to 75% of customers using it for the first time, brand is important in driving higher levels of prospects and customer referrals, leading to improved operational performance. We have demonstrated this through significant improvements in performance of existing storage centres following their acquisition, rebranding and assimilation into our business.

The sponsored search listings remain our largest source of paid for web traffic. Ongoing website optimisation helps ensure we maximise the conversion of this web traffic into prospects.

We continue to drive efficiencies so as to maximise the return on investment from all of our different online traffic sources. Online marketing budgets will continue to remain focussed on the media with the best return on investment.

Social media

Social media continues to be complementary to our existing marketing channels and Big Yellow can be found across Twitter, Facebook and Instagram. LinkedIn is also being used to communicate company achievements, CSR initiatives and to present an honest and engaging picture of what it is like to work for Big Yellow. LinkedIn is central in our drive towards more direct recruitment.

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

PR

We have continued to produce regional press stories throughout the year to help raise awareness of Big Yellow in the local communities where we operate. These will often highlight the charitable endeavours of our team members or the support we provide to local charities and organisations through the donation of free storage space.

Budget

During the year the Group spent approximately £5.3 million on marketing (4.2% of total revenue). We have increased the budget for the year ahead to £5.5 million with a focus on delivering and converting more prospects from our digital channels.

Cyber security

The Group receives specialist advice and consultancy in respect of cyber security and we have dedicated in-house monitoring. We continue to invest in and review our security systems and we limit the retention of customer data to the minimum requirement. We carry out frequent penetration testing of internet facing systems, use components such as anti-ransomware as well as maintaining and replacing components (such as firewalls) with the latest technology and specification. 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. We aligned our policies and procedures to ensure our ongoing compliance with the new EU General Data Protection Regulation (“GDPR”) which came into effect in May 2018.



Strategic Report (continued)

Portfolio Summary – Big Yellow Stores

	2019				2018			
	Mature ⁽¹⁾	Established	Developing	Total	Mature	Established	Developing	Total
Number of stores	68	3	3	74	69	3	2	74
At 31 March:								
Total capacity (sq ft)	4,274,000	206,000	142,000	4,622,000	4,308,000	206,000	117,000	4,631,000
Occupied space (sq ft)	3,557,000	177,000	76,000	3,810,000	3,516,000	171,000	43,000	3,730,000
Percentage occupied	83.2%	85.9%	53.5%	82.4%	81.6%	83.0%	36.8%	80.5%
Net rent per sq ft	£27.32	£28.64	£22.31	£27.28	£26.87	£26.33	£17.63	£26.74
For the year:								
REVPAF ⁽²⁾	£26.61	£26.95	£11.58	£26.19	£25.32	£23.67	£11.65	£25.05
Average occupancy	83.6%	83.1%	45.7%	82.5%	81.4%	79.2%	30.8%	80.9%
Average annual rent psf	£27.21	£28.08	£20.59	£27.14	£26.48	£25.93	£17.46	£26.37
	£000	£000	£000	£000	£000	£000	£000	£000
Self storage income costs (excluding depreciation)	97,957	4,836	1,279	104,072	92,836	4,252	629	97,717
Other storage related income ⁽³⁾	16,150	704	292	17,146	15,726	621	147	16,494
Ancillary store rental income	452	39	1	492	499	25	–	524
Total store revenue	114,559	5,579	1,572	121,710	109,061	4,898	776	114,735
Direct store operating costs (excluding depreciation)	(33,278)	(1,315)	(1,035)	(35,628)	(31,333)	(1,414)	(412)	(33,159)
Short and long leasehold rent ⁽⁴⁾	(1,990)	–	–	(1,990)	(2,101)	–	–	(2,101)
Store EBITDA ⁽⁵⁾	79,291	4,264	537	84,092	75,627	3,484	364	79,475
Store EBITDA margin	69.2%	76.4%	34.2%	69.1%	69.3%	71.1%	46.9%	69.3%
Deemed cost	£000	£000	£000	£000				
To 31 March 2019	585.5	46.8	41.7	674.0				
Capex to complete	–	–	0.5	0.5				
Total	585.5	46.8	42.2	674.5				

(1) The mature stores have been open for more than six years at 1 April 2018. The established stores have been open for between three and six years at 1 April 2018 and the developing stores have been open for fewer than three years at 1 April 2018. The Group's mature Battersea store was closed for redevelopment in the year. It is excluded from occupancy, but its revenue and costs up to the date of closure are included in the above.

(2) See glossary in note 33.

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

(4) Rent for six mature short leasehold properties accounted for as investment properties and finance leases under IFRS with total self storage capacity of 339,000 sq ft, and a long leasehold lease-up store with a capacity of 64,000 sq ft. The EBITDA margin for the 62 freehold mature stores is 71%, and 52% for the six leasehold mature stores. During the year the Group acquired the freehold of its mature New Malden store.

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

	Year ended 31 March 2019			Year ended 31 March 2018		
	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⁾	121,710	3,704	125,414	114,735	1,925	116,660
Cost of sales ⁽⁷⁾	(35,628)	(2,517)	(38,145)	(33,159)	(2,515)	(35,674)
Rent ⁽⁸⁾	(1,990)	1,990	–	(2,101)	2,101	–
	84,092	3,177	87,269	79,475	1,511	80,986

(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 38.

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

Our Stores (continued)



New Cross, February 2012
MLA - 62,000 sq ft



Stockport, September 2011
MLA - 65,000 sq ft



Eltham, April 2011
MLA - 70,000 sq ft



Camberley, January 2011
MLA - 68,000 sq ft



Barking, November 2007
MLA - 64,000 sq ft



Ealing, November 2007
MLA - 57,000 sq ft



Sutton, July 2007
MLA - 70,000 sq ft



Gloucester, December 2006
MLA - 50,000 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



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



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



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



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



North Kensington, December 2005
MLA - 51,000 sq ft



Leeds, July 2005
MLA - 76,000 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



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



Kennington, May 2008
MLA - 66,000 sq ft



Merton, March 2008
MLA - 70,000 sq ft



Fulham, March 2008
MLA - 139,000 sq ft



Balham, March 2008
MLA - 60,000 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 STORES

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



Manchester, May 2019
MLA - 60,000 sq ft



Wapping, July 2018
MLA - 25,000 sq ft



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



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



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



Cambridge, January 2016
MLA - 60,000 sq ft



Enfield, April 2015
MLA - 60,000 sq ft



Chester, February 2015
MLA - 69,000 sq ft



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



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



Chiswick, April 2012
MLA - 75,000 sq ft

Our Stores (continued)



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 - 61,000 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 - 80,000 sq ft



Richmond, May 1999
MLA - 35,000 sq ft

Strategic Report (continued)

Portfolio Summary – Armadillo Stores

	2019	2018
Number of stores	22	22
At 31 March:		
Total capacity (sq ft)	963,000	963,000
Occupied space (sq ft)	723,000	712,000
Percentage occupied	75.1%	73.9%
Net rent per sq ft	£17.50	£16.97
For the year:		
REVPAF	£15.63	£15.09
Average occupancy	75.7%	76.0%
Average annual rent psf	£17.33	£16.61
	£000	£000
Self storage income	12,645	10,677
Other storage related income	2,349	2,015
Ancillary store rental income	63	72
Total store revenue	15,057	12,764
Direct store operating costs (excluding depreciation)	(5,949)	(5,003)
Leasehold rent	(483)	(497)
Store EBITDA ⁽¹⁾	8,625	7,264
Store EBITDA margin	57.3%	56.9%
	£m	
Cumulative capital expenditure		
To 31 March 2019	71.4	
To complete	0.4	
Total capital expenditure	71.8	

(1) Store earnings before interest, tax, depreciation, amortisation, and management fees charged by Big Yellow to the Armadillo portfolios (see note 27).
 (2) The Group has a 20% interest in Armadillo. The figures shown above represent 100% of Armadillo's performance.

Strategic Report (continued)

Store Performance

Prospects for the year were slightly down on last year. The table below shows the quarterly move-in and move-out activity over the year.

Quarterly move-ins and move-outs	Total move-ins Year ended 31 March 2019	Total move-ins Year ended 31 March 2018	%	Total move-outs Year ended 31 March 2019	Total move-outs Year ended 31 March 2018	%
April to June	19,784	20,332	(3)	15,499	15,112	3
July to September	21,565	21,463	–	22,742	22,952	(1)
October to December	16,058	16,000	–	18,137	18,190	–
January to March	15,885	16,133	(2)	15,954	15,273	4
Total	73,292	73,928	(1)	72,332	71,527	1

The performance in the prior year was a strong comparator, and hence move-ins were down 1% on last year, although up 2% on the year to 31 March 2017. Activity levels in the quarter to March were affected by consumer uncertainty in the run-up to the UK's original proposed exit date from the EU. Across the year move-outs were up 1% on the prior year, partly as a result of closing our Battersea store for redevelopment in the fourth quarter.

In all Big Yellow stores, the occupancy growth in the current year was 80,000 sq ft, against an increase of 179,000 sq ft in the prior year.

Quarterly net occupancy movement	Net sq ft Year ended 31 March 2019	Net sq ft Year ended 31 March 2018	Net move-ins Year ended 31 March 2019	Net move-ins Year ended 31 March 2018
April to June	131,000	183,000	4,285	5,220
July to September	43,000	82,000	(1,177)	(1,489)
October to December	(126,000)	(170,000)	(2,079)	(2,190)
January to March	32,000	84,000	(69)	860
Total	80,000	179,000	960	2,401

We had a good quarter to June with an increase in occupancy of 131,000 sq ft, albeit lower growth than the prior year. The second quarter peaked in August and then many of our students and short term house movers vacated in September and October, leading to a net loss in occupied rooms and sq ft occupancy. In our seasonally weakest third quarter the occupancy loss represented 2.7% of MLA, compared to 3.7% of the MLA in the prior year, which had had a stronger summer trading period. In the final quarter we have seen a return to growth in occupancy in the stores of 32,000 sq ft, which was softer than the prior year given the consumer uncertainty referred to above.

The 68 mature stores are 83.2% occupied compared to 81.6% at the same time last year. The 3 established stores have grown in occupancy from 83.0% to 85.9%. The three developing stores added 33,000 sq ft of occupancy in the year to reach closing occupancy of 53.5%. Overall store occupancy has increased in the year from 80.5% to 82.4%. On a like-for-like basis, excluding Wapping, which opened July 2018, and Battersea which closed in March 2019, closing occupancy was 82.7%, an increase of 2.2 percentage points.

All of the stores open at the year end are trading profitably at the EBITDA level. The table below shows the average key metrics across the store portfolio (from the Portfolio Summary on page 28) for the year ended 31 March 2019:

	Mature stores	Established stores	Developing stores	All stores
Average store capacity	62,850	68,670	47,330	62,460
Average sq ft occupied per store at 31 March 2019	52,300	59,000	25,330	51,490
Average % occupancy	83.6%	83.1%	45.7%	82.5%
Average revenue per store (£000)	1,660	1,860	524	1,623
Average EBITDA per store (£000)	1,149	1,421	179	1,121
Average EBITDA margin	69.2%	76.4%	34.2%	69.1%

Pricing and net rent per sq ft

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

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

The average rate growth in the year was 2.9%. Net achieved rent per sq ft at 31 March 2019 grew by 2.0% over the financial year. The table below shows the growth in net rent per sq ft for the portfolio over the year (excluding Battersea, Guildford Central and Wapping).

Average occupancy in the year	Number of stores	Net rent per sq ft growth from 1 April 2018 to 31 March 2019
0 to 75%	5	(0.9%)
75 to 85%	47	2.4%
Above 85%	20	3.1%

Armadillo Self Storage

The Group has a 20% investment in Armadillo Self Storage, with the balance of 80% held by an Australian consortium. Subsequent to the year end Armadillo acquired two stores in Daventry and Grimsby.

This takes the Armadillo platform to 24 stores and 1.0 million sq ft of MLA. As with the other existing store acquisitions, the intention will be to upgrade and reconfigure the stores through additional investment to drive cash flow growth. In the year to 31 March 2019, £2.2 million of capital expenditure has been invested to upgrade and fit-out additional capacity in the Armadillo stores.

Armadillo is a lower-frills brand, with largely freehold conversions of existing buildings. They are located in towns where we would not typically locate a Big Yellow, and have an average capacity of 43,000 sq ft (lower than the 62,000 sq ft average for Big Yellow stores). Armadillo provides a number of operational advantages to the Group, such as a wider platform to sell to national accounts, more opportunities for staff promotion, and more efficient use of the Company's marketing and central overhead costs. The Group continues to look for opportunities to add to the Armadillo platform.

Strategic Report (continued)

Store Performance (continued)

Development pipeline

We opened the 25,000 sq ft extension to our Wandsworth store in May 2018 and our 25,000 sq ft store in Wapping in July 2018. Our new 60,000 sq ft store in Manchester opened on 1 May 2019. We own a further 12 development sites, of which three have planning consent. The status of the Group's development pipeline is summarised in the table below:

Site	Location	Status	Anticipated capacity
Camberwell, London	Prominent location on Southampton Way	Planning consent granted in April 2018. Construction started in November 2018 with a view to opening in Spring 2020.	77,000 sq ft
Kings Cross, London	Prominent location on York Way	Planning application has been appealed, with a decision expected in the Summer.	115,000 to 120,000 sq ft
Bracknell	Prime location on Ellesfield Avenue	Site acquired in February 2018. Planning consent granted in January 2019 for self storage and other trade uses. Construction to commence in August 2019 with a view to opening Summer 2020.	57,000 sq ft
Slough	Prominent location on Bath Road	Site acquired in April 2019. Planning application to be submitted to Slough Borough Council in Autumn 2019.	65,000 to 70,000 sq ft
Battersea, London	Prominent location on junction of Lombard Road and York Road (South Circular)	Planning granted for redevelopment of original 34,000 sq ft store and of adjoining retail into a mixed use residential led scheme. Demolition has started on the Big Yellow storage facility with construction to commence July 2019 with a view to store re-opening Summer 2020.	70,000 to 75,000 sq ft
Uxbridge, London	Prominent location on Oxford Road	Site acquired in April 2018. Planning application submitted to South Bucks DC December 2018 with a decision anticipated in June 2019.	50,000 to 55,000 sq ft
Queensbury, London	Prominent location off Honeypot Lane	Site acquired in November 2018, planning discussions ongoing with a view to submitting an application in Summer 2019.	55,000 sq ft to 60,000 sq ft
North Kingston, London	Prominent location on Richmond Road, Ham.	Site acquired in February 2019, planning discussions ongoing with a view to submitting an application in Summer 2019.	55,000 sq ft to 60,000 sq ft
Wembley, London	Prominent location on Towers Business Park	Site acquired in February 2019. Discussions ongoing to secure vacant possession prior to commencing planning discussions.	65,000 sq ft to 70,000 sq ft
Hayes, London	Prominent location on Hayes Road	Site acquired in April 2019, planning application to be submitted in Summer 2019.	70,000 sq ft to 75,000 sq ft
Hove	Prominent location on Old Shoreham Road	Site acquired in April 2018. Planning application submitted in February 2019 with a decision anticipated in June 2019.	55,000 sq ft to 60,000 sq ft
Newcastle	Prime location on Scotswood Road	Planning application to be submitted in Summer 2019.	60,000 sq ft
Total			794,000 sq ft to 839,000 sq ft

The capital expenditure currently committed for the financial year ended 31 March 2020 is approximately £33 million, which includes the completion of the acquisitions of Hayes and Slough, and construction expenditure on Camberwell, Battersea and Bracknell.

The Group acquired a site in Slough in October 2017 for future development. The Group subsequently acquired a more prominent and usable site opposite in April 2019 and simultaneously sold the original site acquired.

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

Financial Review

Delivering results

Total revenue for the year was £125.4 million, an increase of £8.7 million (7.5%) from £116.7 million in the prior year.

FINANCIAL RESULTS

Revenue

Total revenue for the year was £125.4 million, an increase of £8.7 million (7.5%) from £116.7 million in the prior year. Like-for-like revenue for the year was £123.2 million, an increase of 7.2% from the prior year (2018: £114.9 million), driven by a combination of an increase in the average occupancy of the Group's stores and an increase in net achieved rent per sq ft. Like-for-like revenue excludes Guildford Central and Wapping, which opened in March 2018 and July 2018 respectively, and Battersea, which was closed for redevelopment in the year.

Other sales (included within the above), comprising the selling of insurance, packing materials and storage related charges, represented 14.1% of total store revenue for the year (2018: 14.4%) and generated revenue of £17.1 million for the year, up 4% from £16.5 million in 2018.

The other revenue earned by the Group is management fee income from the Armadillo Partnerships, and tenant income on sites where we have not started development. During the year, the Group recognised in revenue a £1 million performance fee due from Armadillo Storage Holding Company Limited, for the performance of the fund over its initial five year term. This fee was paid in May 2019.

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

Category	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000	% change	% of store operating costs in 2019
Cost of sales (insurance and packing materials)	2,866	2,663	8%	8%
Staff costs	9,240	8,740	6%	26%
General & Admin	1,262	1,187	6%	3%
Utilities	1,373	1,447	(5%)	4%
Property rates	11,311	10,438	8%	32%
Marketing	5,294	4,656	14%	15%
Repairs / Maintenance	2,741	2,595	6%	8%
Insurance	934	921	1%	2%
Computer costs	587	494	19%	2%
Irrecoverable VAT	20	18	11%	0%
Total per portfolio summary	35,628	33,159	7%	

Store operating costs have increased by £2.5 million (7%) compared to the same period last year. Of this increase £0.6 million relates to our new stores at Guildford Central and Wapping. The Group's property rates have increased by £0.9 million from the prior year, with the Group receiving significant rates rebates on two stores in the prior year, which reduced last year's expense, coupled with the reduction of transitional arrangements for the new rates listing. We have increased our investment in marketing by £0.6 million to maintain the Group's online market share and enquiry levels.

Our investment in LED lighting has contributed to a reduction in our utility expenditure of £0.1 million. We have increased our investment in our IT systems and cyber security by £0.1 million. The other increases in store operating costs of £0.4 million are largely inflationary.

Strategic Report (continued)

Financial Review (continued)

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 2019 £000	Year ended 31 March 2018 £000
Direct store operating costs per portfolio summary (excluding rent)	35,628	33,159
Rent included in cost of sales (total rent payable is included in portfolio summary)	1,075	1,109
Depreciation charged to cost of sales	393	439
Head office and other operational management costs charged to cost of sales	1,049	967
Cost of sales per statement of comprehensive income	38,145	35,674

Store EBITDA

Store EBITDA for the year was £84.1 million, an increase of £4.6 million (6%) from £79.5 million for the year ended 31 March 2018 (see Portfolio Summary). The overall EBITDA margin for all Big Yellow stores during the year was 69.1%.

Administrative expenses

Administrative expenses in the statement of comprehensive income have increased by £542,000. The increase is due to a number of factors; an increase of £250,000 in salaries, which includes the annual salary review to head office employees and the increase to Directors' pay as approved at the last AGM. We have also increased staffing levels in IT, marketing and HR (£150,000), there has been an increase in donations to the Big Yellow Foundation (£50,000), increased investment in CSR (£35,000). These increases have been partly offset by a reduction in the share based payments charge of £125,000 with the balance of the increase of £182,000 due to inflationary increases.

The non-cash share based payments charge represents £2.3 million of the overall £10.6 million expense.

Interest expense on bank borrowings

The gross bank interest expense for the year was £9.9 million, an increase of £0.1 million from the prior year. The average cost of borrowing during the year was 2.9% in line with the prior year, with the change in base rate in August 2018 being offset by a higher proportion of the drawn debt being variable rate bank debt, which is lower cost. Average debt levels were slightly higher than in the prior year.

Capitalised interest increased by £0.4 million from the prior year. The interest capitalised in the year is principally on our Manchester and Camberwell developments.

Total finance costs in the statement of comprehensive income decreased to £11.2 million from £12.0 million in the prior year. Refinancing costs of £1.5 million were incurred in the prior year.

Profit before tax

The Group made a profit before tax in the year of £126.9 million, compared to a profit of £134.1 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 £67.5 million, up 10% from £61.4 million in 2018.

	2019 £m	2018 £m
Profit before tax analysis		
Profit before tax	126.9	134.1
Gain on revaluation of investment properties	(58.9)	(71.6)
Movement in fair value on interest rate derivatives	1.1	(1.3)
Gain on part disposal of investment property	–	(0.6)
Refinancing costs	–	1.5
Share of non-recurring gains and losses in associates	(1.6)	(0.7)
Adjusted profit before tax	67.5	61.4

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 2018	61.4
Increase in gross profit	6.3
Increase in net interest payable	(0.1)
Increase in administrative expenses	(0.5)
Increase in capitalised interest	0.4
Adjusted profit before tax – year ended 31 March 2019	67.5

Basic earnings per share for the year was 78.3p (2018: 85.0p) and fully diluted earnings per share was 78.0p (2018: 84.4p). Diluted EPRA earnings per share based on adjusted profit after tax was up 8% to 41.4p (2018: 38.5p) (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, and fees earned from the management of the Armadillo portfolio.

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

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

Taxation

There is a tax charge in the current year of £0.4 million. This compares to a charge in the prior year of £0.6 million. The current year tax charge reflects an increase in profits in our residual business, which has been more than offset by deductions allowed for tax purposes from the exercise of share options.

Dividends

The Board is recommending the payment of a final dividend of 16.5 pence per share in addition to the interim dividend of 16.7 pence, giving a total dividend for the year of 33.2 pence, an increase of 8% from the prior year.

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 29.2 pence per share is payable (31 March 2018: 27.5 pence). The balance of the total annual dividend represents an ordinary dividend declared at the discretion of the Board, in line with our policy to distribute 80% of our adjusted earnings per share in each reporting period. The PID for the year to 31 March 2019 accounts for 88% of the total dividend.

The table below summarises the declared dividend for the year:

Dividend (pence per share)	31 March 2019	31 March 2018
Interim dividend – PID	16.7p	15.3p
– discretionary	nil p	nil p
– total	16.7p	15.3p
Final dividend – PID	12.5p	12.2p
– discretionary	4.0p	3.3p
– total	16.5p	15.5p
Total dividend – PID	29.2p	27.5p
– discretionary	4.0p	3.3p
– total	33.2p	30.8p

Subject to approval by shareholders at the Annual General Meeting to be held on 19 July 2019, the final dividend will be paid on 26 July 2019. The ex-div date is 20 June 2019 and the record date is 21 June 2019.

Cash flow growth

The Group is strongly cash generative and draws down from its longer term committed facilities as required to meet its obligations. The Group's cash flow from operating activities for the year was £71.8 million, an increase of 14% from £63.0 million in the prior year.

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Cash generated from operations	81,997	73,457
Net finance costs	(9,996)	(9,711)
Tax	(195)	(769)
Cash flow from operating activities	71,806	62,977
Capital expenditure	(83,038)	(41,959)
Asset sales	–	650
Receipt from Capital Goods Scheme	1,876	2,786
Investment in associate	–	(900)
Dividends received from associates	550	446
Cash flow after investing activities	(8,806)	24,000
Ordinary dividends	(52,058)	(46,183)
Issue of share capital	65,962	969
Finance lease payments	(1,075)	(1,109)
Payment to cancel interest rate derivatives	–	(3,374)
Increase in borrowings	7,026	25,644
Net cash inflow/(outflow)	11,049	(53)
Opening cash and cash equivalents	6,853	6,906
Closing cash and cash equivalents	17,902	6,853
Closing debt	(337,625)	(330,599)
Closing net debt	(319,723)	(323,746)

In the year capital expenditure outflows were £83.0 million, up from £42.0 million in the prior year. The capital expenditure during the year principally relates to the acquisition of the freehold of our New Malden store and adjoining industrial estate (£29 million including costs), the purchase of land for new stores (£35 million), and construction capital expenditure (£19 million).

The cash flow after investing activities was a net outflow of £8.8 million in the year, down from an inflow of £24.0 million in 2018, with the growth in operating cash flow being more than offset by the increased investment in capital expenditure.

Strategic Report (continued)

Financial Review (continued)

Balance sheet

Property

The Group's open stores and stores under development owned at 31 March 2019, which are classified as investment properties, have been valued individually by Cushman & Wakefield ("C&W") and this has resulted in an investment property asset value of £1,445.5 million, comprising £1,317.1 million (91%) for the freehold (including three long leaseholds) open stores, £37.3 million (3%) for the short leasehold open stores and £91.1 million (6%) for the freehold investment properties under construction.

Investment property

The valuations in the current year have grown from the prior year, with a revaluation surplus of £59.0 million arising on the open Big Yellow stores (see note 15 for the detailed valuation methodology). Of this increase 27% is due to an improvement in the cap rate used in the valuations. The average exit capitalisation rate used in the valuations was 6.2% in the current year, compared to 6.3% in the prior year, with the discount rate adopted also reducing from 9.4% to 9.3%. The remaining 73% of the increase in value is due to the growth in cash flow from the assets and changes to the operating assumptions adopted in the valuations.

The valuation is based on an average occupancy over the 10 year cash flow period of 84.3% across the whole portfolio.

	Mature Leasehold	Mature Freehold	Established Freehold	Developed Freehold	Total
Number of stores	6	62	3	3	74 ⁽¹⁾
MLA capacity (sq ft)	339,000	3,935,000	206,000	142,000	4,622,000
Valuation at 31 March 2019 (£m)	37.3	1,176.0	70.1	41.8	1,325.2
Value per sq ft	£110	£299	£340	£294	£287
Occupancy at 31 March 2019	83.5%	83.2%	85.9%	53.5%	82.4%
Stabilised occupancy assumed	85.5%	84.5%	87.1%	86.1%	84.7%
Net initial yield pre-admin expenses	12.3%	6.4%	5.9%	3.2%	6.4%
Stabilised yield assuming no rental growth	12.5%	6.5%	5.9%	9.2%	6.7%

(1) Excluding Battersea which was closed in the year for redevelopment, but in line with the Group's accounting policy has been shown in investment property at the year end.

The initial yield pre-administration expenses assuming no rental growth is 6.4% (2018: 6.5%) rising to a stabilised yield of 6.7% (2018: 6.9%). The stores are assumed to grow to stabilised occupancy in 16 months on average. Note 15 contains more detail on the assumptions underpinning the valuations.

As referred to in note 15 C&W observe that there is less transaction activity in the prime self storage market compared to other property markets, although there has been some activity for secondary assets. The capitalisation rates are therefore subject to higher levels of uncertainty than for other property sectors.

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

Investment property under construction

The investment property under construction valuation has increased by £33.0 million in the year. Capital expenditure accounts for £47.6 million of this increase, notably on the site purchases discussed above, and construction expenditure, principally on Manchester and Camberwell. This has been partly offset by Wapping transferring to open stores. The valuation movement on the investment property under construction was flat year-on-year.

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 2019 of £1,528.6 million (£83.1 million higher than the value recorded in the financial statements). With the share of uplift on the revaluation of the Armadillo stores (£0.7 million), this translates to 50.2 pence per share.

This revised valuation translates into an adjusted net asset value per share of 724.4 pence (2018: 665.0 pence) after the dilutive effect of outstanding share options.

Receivables

At 31 March 2019 we have a receivable of £2.5 million in respect of payments due back to the Group under the Capital Goods Scheme, as a consequence of the introduction of VAT on self storage from 1 October 2012. The receivable relates to VAT to be recovered on historic store development expenditure.

The debtor has been discounted in accordance with International Accounting Standards to the net present value using the Group's average cost of debt, with £0.1 million of the discount being unwound through interest receivable in the year. The Group has received £13.2 million to date under the Scheme, of which £1.9 million was received in the year.

Net asset value

The adjusted net asset value is 724.4 pence per share (see note 13), up 7% from 675.5 pence per share at 31 March 2018 (rebased for the impact of the placing). The table below reconciles the movement from 31 March 2018:

Movement in adjusted net asset value	£m	Adjusted NAV pence per share
31 March 2018	1,059.1	665.0
Share placing	65.3	10.5
31 March 2018 (rebased)	1,124.4	675.5
Adjusted profit after tax	67.1	40.2
Equity dividends paid	(52.1)	(31.2)
Revaluation movements (including share of associate)	60.5	36.2
Movement in purchaser's cost adjustment	6.1	3.7
Other movements (e.g. share schemes)	3.8	—
31 March 2019	1,209.8	724.4

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

The table below summarises the Group's debt facilities. The average cost at 31 March 2019 is 2.9% (March 2018: 2.9%) with a higher proportion of lower cost variable rate bank debt drawn at March 2019, offset by the increase in base rate in August 2018.

Debt	Expiry	Facility	Drawn	Average interest cost
Aviva Loan	April 2027	£85.1 million	£85.1 million	4.9%
M&G loan	June 2023	£70 million	£70 million	3.0%
Bank loan (Lloyds & HSBC)	October 2023	£210 million	£182.5 million	2.0%
Total	Average term 5.2 years	£365.1 million	£337.6 million	2.9%

The refinancing costs of £1.5 million shown in the prior year statement of comprehensive income relate to the unamortised loan arrangement costs of the previous bank facility, and the write-off of the costs of the new bank facility in accordance with IAS 39. This was eliminated from the Group's adjusted profit for that year. In the prior year, the Group cancelled an interest rate derivative that was in place over half of the M&G loan (2.64% expiring in June 2022) at a cost of £3.4 million and replaced it with a new derivative until June 2023 at a pre margin rate of 0.76%.

The Group was comfortably in compliance with its banking covenants at 31 March 2019. For the year we had Group interest cover of 8.2 times (2018: 7.6 times) based on pre-interest operating cash flow against interest paid. The net debt to gross property assets ratio is 22% (2018: 25%) and the net debt to adjusted net assets ratio (see net asset value section above) is 26% (2018: 31%).

At 31 March 2019, the fair value on the Group's interest rate derivatives was an asset of £0.6 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 £16.7 million at 31 March 2019 (2018: £15.9 million), consisting of 166,665,158 ordinary shares of 10p each (2018: 158,570,574 shares). In September, the Group issued 7.2 million shares (4.5% of the issued share capital prior to the placing) at a price of 930 pence per share, raising £65.3 million (net of expenses). 0.9 million shares were issued for the exercise of options during the year at an average exercise price of 910p (2018: 0.7 million shares at an average price of 725p).

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.

rates and the Group's policy in respect of interest rates is to maintain a balance between flexibility and hedging of interest rate risk.

During the year the Group extended the term of its bank loan by a further year, and retains an option to extend the loan by a further year. The Group also has an option to increase the amount of revolving loan by a further £60 million during the course of the loan's term.

	2019 No.	2018 No.
Opening shares	158,570,574	157,882,867
Shares issued in placing	7,204,301	—
Shares issued for the exercise of options	890,283	687,707
Closing shares in issue	166,665,158	158,570,574
Shares held in EBT	(1,122,907)	(1,122,907)
Closing shares for NAV purposes	165,542,251	157,447,667

79.2 million shares were traded in the market during the year ended 31 March 2019 (2018: 77.4 million). The average mid-market price of shares traded during the year was 929.5p with a high of 998.5p and a low of 852.5p.

Investment in Armadillo

The Group has a 20% investment in Armadillo Storage Holding Company Limited and a 20% investment in Armadillo Storage Holding Company 2 Limited. In the consolidated accounts of Big Yellow Group PLC, our investments in the vehicles are treated as associates using the equity accounting method.

The occupancy of the Armadillo stores at 31 March 2019 was 75.1% (31 March 2018: 73.9%). The occupancy growth in the year was 11,000 sq ft. The net rent achieved at 31 March 2019 by the Armadillo stores is £17.50 per sq ft, an increase of 3.1% from the same time last year. Revenue increased by 18% to £15.1 million for the year to 31 March 2019 (2018: £12.8 million); the like-for-like increase in revenue was 6%.

Included within administrative expenses in Armadillo 1 is a £1 million accrual for a performance fee paid to Big Yellow in April 2019. The fee calculation has been based on the 31 March 2019 external property valuation for the Armadillo 1 portfolio.

The Armadillo Partnerships made a combined operating profit of £6.1 million in the year, of which Big Yellow's share is £1.2 million. After net interest costs, the revaluation of investment properties (valued by Jones Lang LaSalle), deferred tax on the revaluation surplus and movement in interest rate derivatives, the profit for the year was £11.6 million, of which the Group's share was £2.3 million.

Big Yellow has a five year management contract in place in each Partnership. For the year to 31 March 2019 the Group earned management fees of £2.1 million, including the performance fee referred to above. The Group's share of the declared dividend for the year is £0.6 million, representing a 13% yield on our equity invested.

Strategic Report (continued)

Principal Risks and Uncertainties

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

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

Risk and impact	Mitigation	Change during the year and outlook
<p>Self storage market risk</p> <p>There is a risk to the business that the self storage market does not grow in line with our projections, and that economic growth in the UK is below expectations, which could result in falling demand and a loss of income.</p>	<p>Self storage is a relatively immature market in the UK compared to other self storage markets such as the United States and Australia, and we believe has further opportunity for growth. Awareness of self storage and how it can be used by domestic and business customers is relatively low throughout the UK, although higher in London. The rate of growth of branded self storage on main roads in good locations has historically been limited by the difficulty of acquiring sites at affordable prices and obtaining planning consent. New store openings in London and other large metropolitan cities within the sector have slowed significantly over the past few years.</p> <p>Our performance during the Global Financial Crisis ("GFC") was relatively resilient, although not immune. We believe that the resilience of our performance is due to a combination of factors including:</p> <ul style="list-style-type: none"> – a prime portfolio of freehold properties; – a focus on London and the South East and other large metropolitan cities, which proved more resilient during the GFC and where the drivers in the self storage market are at their strongest and the barriers to competition are at their highest; – the strength of operational and sales management; – continuing innovation to deliver the highest levels of customer service; – the UK's leading self storage brand, with high public awareness and online strength; and – strong cash flow generation and high operating margins, from a secure capital structure. <p>We have a large current storage customer base of approximately 56,000 spread across the portfolio of stores and hundreds of thousands more who have used Big Yellow over the years. In any month, customers move in and out at the margin resulting in changes in occupancy. This is a seasonal business and typically we see growth over the spring and the summer months, with the seasonally weaker period being the winter months.</p>	<p>The UK economy is projected to grow at approximately 1.2% in 2019. Self storage proved relatively resilient through the GFC, with our revenue and earnings increasing over the last nine years. As the economy has recovered in the past few years, the market risk has fallen in line with increasing occupancy.</p> <p>There is increased macroeconomic uncertainty associated with the UK's future exit from the EU, and this has resulted in a broad range of opinions on the UK's future economic performance. The uncertainty has impacted consumer behaviour, which caused lower occupancy growth for the Group in the quarter to March 2019.</p> <p>The Group's like-for-like occupancy has increased by 2.2 percentage points in the year from 80.5% to 82.7%.</p>
<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. 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>Our management has significant experience in the property industry generated over many years and in particular in acquiring property on main roads in high profile locations and obtaining planning consents. We do take planning risk where necessary, although the availability of land, and competition for it makes acquiring new sites challenging.</p> <p>Our in-house development team and our professional advisers have significant experience in obtaining planning consents for self storage centres.</p> <p>We manage the construction of our properties very tightly. The building of each site is handled through a design and build contract, with the fit-out project managed in-house using an established professional team of external advisers and sub-contractors who have worked with us for many years to our Big Yellow specification. We carried out an external benchmarking of our construction costs and tendering programme a couple of years ago, which had satisfactory results.</p>	<p>The Group has acquired seven sites since 1 April 2018, taking its total pipeline to 12 sites which, when opened, would expand the Group's current MLA by 18%.</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 increasingly 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 three of the 12 development sites.</p>

Risk and impact	Mitigation	Change during the year and outlook
<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 value a significant proportion of the UK self storage industry.</p> <p>The portfolio is diverse with approximately 56,000 customers currently using our stores for a wide variety of reasons.</p> <p>There is significant headroom on our loan to value banking covenants.</p>	<p>The revaluation surplus on the Group's open stores investment properties was £59.0 million in the year (an uplift of 5%), due to an improvement in cash flows and the capitalisation rates used in the valuations.</p> <p>There continues to be transactional evidence in the sector, with a number of portfolio transactions taking place in the current year.</p>
<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 eight years remaining. The Group has a £70 million loan from M&G Investments, which is 50% fixed and 50% floating, repayable in 2023. For our bank debt, we borrow at floating rates of interest and use swaps to hedge our interest rate exposure. Our policy is to have at least 40% of our total borrowings fixed, with the balance floating. At 31 March 2019 44% of the Group's total borrowings were fixed or subject to interest rate derivatives. The Group reviews its current and forecast projections of cash flow, borrowing and interest cover as part of its monthly management accounts. In addition, an analysis of the impact of significant transactions is carried out regularly, as well as a sensitivity analysis assuming movements in interest rates and store occupancy on gearing and interest cover. This sensitivity testing underpins the viability statement below.</p> <p>The Group regularly monitors its counterparty risk. The Group monitors compliance with its banking covenants closely. During the year it complied with all its covenants, and is forecast to do so for the foreseeable future.</p>	<p>Interest rates were increased during the year, but the forecast is for rates to remain at relatively low levels for the foreseeable future. UK inflation reached 2.7% in 2018, but is forecast to fall to closer to 2% in 2019.</p> <p>Debt providers currently remain supportive to companies with a strong capital structure. That said, a weaker macro-economic performance by the UK economy could adversely affect liquidity and pricing.</p> <p>The Group's interest cover ratio for the year ended 31 March 2019 was 8.2 times, comfortably ahead of our internal target of 5 times.</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 UK's future exit from the EU creates uncertainty over the future UK tax and regulatory environment.</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>In addition to the regulatory and tax uncertainty linked to the UK's future exit from the EU, the Group experienced an increase in cost in the prior year following the Government's review of business rates.</p>

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

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>With low unemployment, and a risk of higher staff turnover, difficulty in finding the right employees increases.</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, so as to contribute to the performance of the Group.</p>	<p>We were ranked in the Sunday Times 100 Best Companies to Work For survey in February 2019, showing strong levels of engagement from our employees.</p> <p>In the current financial year, we intend to commission an employee consultancy to conduct an engagement survey of our employees. This survey was last carried out in 2017.</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.</p>	<p>We have always aimed to run this business in a professional way, which has involved strict adherence with all regulations that affect our business, such as health and safety legislation, building regulations in relation to the construction of our buildings, anti-slavery, anti-bribery and data regulations.</p> <p>We also invest in cyber security (discussed below), and make an ongoing investment in staff training, facilities management and the maintenance of our stores.</p> <p>To ensure consistency of service and to understand the needs of our customers, we send surveys to every customer who moves in and moves out of the business. The results of the surveys and mystery shops are reviewed to continuously improve and deliver consistent performance throughout the business.</p> <p>We maintain regular communication with our key stakeholders, customers, employees, shareholders and debt providers.</p>	<p>During the prior year, we developed a crisis response plan with external consultants to ensure the Group is well placed to deal with a major incident more effectively.</p> <p>We have also revisited our detailed disaster recovery procedures during the year, particularly in light of a high-profile fire at a Shurgard store in Croydon.</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 store individually alarmed.</p> <p>We have implemented customer security procedures in line with advice from the Police and continue to work with the regulatory authorities on issues of security, reviewing our operational procedures regularly. The importance of security and the need for vigilance is communicated to all store staff and reinforced through training and routine operational procedures.</p>	<p>We have continued to run courses for all our staff to enhance the awareness and effectiveness of our procedures in relation to security.</p> <p>We regularly review and implement improvements to our security processes and procedures.</p>
<p>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 any faster for the Group than anyone else; however we consider that the threats in the entire digital landscape do continue to increase.</p> <p>During the year we have continued to invest in digital security. Some of the changes include more frequent penetration testing of internet facing systems, adding components such as anti-ransomware as well as the maintenance replacement of components such as firewalls to the latest technology and specification.</p>

Internal audit

The Group does not have a formal internal audit function because the Board has concluded that the internal controls systems are sufficient for the Group at this time. However, the Group employs a Store Compliance Manager 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 an Assistant Store Compliance Manager, enabling additional work and support to be carried out across the Group's store portfolio. The Store Compliance team will visit each operational store once to twice per year to carry out a detailed store audit. These audits are unannounced and the Store Compliance team carry out detailed tests on financial management, administrative standards, and operational standards within the stores. Part of the store staff's bonus is based on the scores they achieve in these audits. The results of each audit are reviewed by the Chief Financial Officer, the Financial Controller and the Head of Store Operations.

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 in 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.

After reviewing Group and Company cash balances, borrowing facilities, forecast valuation movements and projected cash flows, the Directors believe that the Group and Company have adequate resources to continue operations for the foreseeable future. In reaching this conclusion the Directors have had regard to the Group's operating plan and budget for the year ending 31 March 2020 and projections contained in the longer-term business plan which covers the period to March 2023. The Directors have carefully considered the Group's trading performance and cash flows as a result of the uncertain global economic environment and the other principal risks to the Group's performance and are satisfied with the Group's positioning. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Viability Statement

The Directors have assessed the Group's viability over a four year period to March 2023. This period is selected based on the Group's long term strategic plan to give greater certainty over the forecasting assumptions used.

In making their assessment, the Directors took account of the Group's current financial position, including committed capital expenditure. The Directors carried out a robust assessment of the principal risks and uncertainties facing the business, their potential financial impact on the Group's cash flows, REIT compliance and financial covenants and the likely effectiveness of the mitigating options detailed. The Directors have assumed that funding for the business in the form of equity, bank and insurance company debt will be available in all reasonably plausible market conditions.

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 2023.

CORPORATE SOCIAL RESPONSIBILITY REPORT

We are committed to responsible and sustainable business practices. Our CSR policy covers all of the Big Yellow operations, as both an operator and a developer of self storage facilities.

1.0 INTRODUCTION

Big Yellow Group PLC ('Big Yellow') is committed to responsible and sustainable business practices; the 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.

We recognise that our operations can have significant economic, environmental and social impacts. We are committed to assessing our CSR risks and opportunities and thereafter 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 Board regularly receives updates on sustainability topics both from the CSR Forum and the Head of CSR directly.

The result of operating responsibly is the social value that we create.

2.0 CSR EXECUTIVE SUMMARY

In 2017/18, we set out our new sustainability strategy, which looked to address our internal and external stakeholders' needs and concerns. We set ourselves initial targets and goals and it is very pleasing to see that with many we have made significant progress during 2018/19. We will provide you with a full update on all our commitments in our Full CSR report that will be published on our Sustainability website. We have also set out further objectives, ensuring we evolve our sustainability policy and build capacity in order for our business to adapt in a changing world – be that from climate change, evolving regulation or stakeholder expectations.

The Board has tasked our CSR Forum, consisting of our senior Operations, Facilities, Construction and CSR managers, with assessing our business against the Task Force on Climate-related Financial Disclosures ('TCFD') recommendations and to report these findings to the Board during 2019/20. We believe our business is relatively resilient to transition risks; assessing and mitigating physical risks has been an integral part of our operations for many years and we are justifiably proud of longstanding investment decisions we have made in our stores, which means our estate is efficient and resilient.

Our considerable efforts have been recognised and rewarded externally: we are delighted to announce that we were named in the Sunday Times 100 Best Companies to Work For 2019. In the 'Giving Something Back' area we achieved a score of 17th position. As the Chair of the Board of Trustees for the Big Yellow Foundation, our main vehicle for enabling 'Giving Something Back', this is particularly gratifying and shows our employees approval of our approach so far.

We have also been working on increased transparency and I am very pleased to note that we have achieved our first ever EPRA sustainability best practice recommendations ("EPRA sBPR") bronze award. With the redesign of our Sustainability website we are better placed than ever to share our commitments and achievements and I look forward to sharing more with you all in the coming months and years.

James Gibson
Chief Executive Officer
20 May 2019

2.1 CHANGES THIS YEAR

This year a number of changes are reflected in this summary CSR Report, in the Full CSR Report and in our Basis of Reporting document. They are predominantly changes to how reporting guidance has been applied, please see our Full CSR Report for specific information. The changes to our estate are covered in the financial part of this report.

2.2 Highlights for the year

The strategic changes we made last year have started to bed-in and have developed and evolved further during the year ended 31 March 2019:

- ✦ This year has been about increasing transparency and stepping up our commitments - and we have been recognized for our efforts, both by our increased performance in the FTSE4Good ratings and our first ever EPRA sBPR bronze award.
- ✦ We have been included in the Sunday Times 100 Best Companies to Work For 2019. In the 'Giving Something Back' engagement factor we achieved 17th position.
- ✦ Our corporate website underwent a major refresh this year, which gave us the opportunity to restructure and refresh our CSR/Sustainability pages and to relaunch our Sustainability Strategy.
- ✦ We invested in relevant, engaging communication to promote our culture and values to our employees through a new internal magazine called 'The Bigger Space' where we celebrate, explain, and provoke thoughts on all things Sustainability, CSR and The Big Yellow Foundation.
- ✦ We have met both our Foundation income and grant making expectations, with the Foundation having received an income of £160,000 in the year to 31 March 2019 and having paid out grants of £102,000 in the same time period. We have published our first Trustee Report and Annual Report for the Big Yellow Foundation (for the year ended 31 March 2018).
- ✦ We have increased transparency, by launching our new Sustainable Construction Policy and refreshing our Human Rights & Anti-Slavery Policy.
- ✦ We have delivered consistent progress against our environmental commitments - most pleasingly we have delivered 1,500kg of single-use plastic reduction already.
- ✦ Our key emission intensity metric has further improved and is now at 8.01 kg CO₂e/ Customer Occupancy m².

Please note: **Assurance:** Deloitte LLP undertake a limited level of assurance on select health and safety and environmental indicators, in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000 Revised).



Strategic Report (continued)

Corporate Social Responsibility Report (continued)

Our People

During the year ended 31 March 2019, we employed 347.3 full time equivalents (“FTEs”) across our stores, head office and distribution warehouse and have continued to invest heavily in their training and development.

Health and Safety Record

This has continued at a high standard at both our stores and on our construction projects. Measured by both the number of recorded Minor Injuries and by RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulation), our high standards of Health & Safety have continued to protect our customers, staff, contractors and other visitors.

There were no “Fatal injuries, Notices or Prosecutions” during the year ended 31 March 2019 in any part of our operation.

Our Environment

We remain committed to the UK government’s emission reduction commitments. During 2019/2020 we will undertake an electrical sub-metering pilot at two of our stores to identify potential further areas for future energy efficiency gains.

CSR Performance Benchmarking

We continue to participate in our sustainable benchmarking initiatives and deliver competitive results:

FTSE4Good Heading	Carbon Disclosure Project (CDP)	Global Real Estate Sustainability Benchmark (GRESB)	MSCI ESG Leaders Index
Our FTSE ESG Rating of 3.1 is as improvement from the prior year (2.8)	We have achieved a Management score of C.	We have achieved a rating of 59/100, ranked No. 1 among peers.	We have achieved an ESG Rating of AA.

2.3 PERFORMANCE OVERVIEW

The table provides an overview of our commitments and progress made during the year:

PROVIDE THE PLACE AND SPACE TO MAKE LIVES EASIER

Target / Commitment	By end of financial year	Progress to date
To raise £150,000 Customer donations, Employee fundraising contributions and Big Yellow matched amounts by 31 March 2019	2019	Achieved – we raised £160,000 Target will remain
Grants allocated to Big Yellow Foundation Charity partners : 75% of income allocated to charity partners	2019	85% achieved (including reserves) 64% excluding reserves
100% of stores with volunteering opportunities	2022	Mainly in place for London stores at present – work in progress
10% of volunteering days taken up by employees	2019	Achieved 6.4% Target will remain, but approach will change
Four individuals on work placement contract provided and supported by a BYF charity partner by 2022	2022	On track
Number of individuals offered a permanent position from the above cohort – 100% of yearly cohort	2022	Not due
Maintain Customer Engagement as measured by engagement with the Big Yellow Foundation: Monitor move in- move out donations – aim for maintaining 2017/18 performance	2019	Achieved – Monitored and included in Director Store Visit Discussion
Business Customers & National Accounts: Assess needs & define engagement approach	2019	Not achieved, but commitment remains, due date to be extended to 31 March 2020

PLAN AND ACT FOR A SUSTAINABLE FUTURE

Target / Commitment	By end of financial year	Progress to date
Scope 1 & 2 Emissions (from 2011 baseline year) reduction of 34% by 2020	2020	Currently at 59.7% reduction
Scope 1 & 2 Emissions (from 2011 baseline year) reduction of 80% by 2050	2050	Currently at 59.7% reduction
New Energy Intensity target	2019	We have set an internal energy intensity target for 2018/19 and will look to publish this in 2019/2020
Achieve 10 tCO ₂ e per m ² occupied	2020	8.01 – we have beaten our target and will review during 2019/2020
Contractors signing up to CCS scheme with a target score of 35 points for both fit-out and shell	annual	36 points achieved (for Manchester store, opened May 2019)
Increase total Solar PV generation capacity by at least 10% for each new store built	annual	50 kWh installed in Wandsworth. Retrofit in Bristol Ashton Gate and Bristol Central
Remove 1,600 kg single use plastics	2022	On Track Removed 1,500 kgs to date
Educate and engage store teams to improve recycling performance – send zero waste to landfill	2025	On track New recycling bins and instructions delivered
Review in-store water consumption against self storage benchmark	2019	Completed We achieved a lower consumption figure than the ‘good’ standard set by the Better Building Partnership
100 % CLA (Current Lettable Area) covered by Green aspects (%)	2025	On track, currently 87.15%
90% of our certified stores achieve an EPC performance of C or above	2025	Achieved 98% Out of 75 stores, 65 have an EPC, all but one are A, B or C
New-built stores pre-construction BREEAM standards ‘Very Good’ or above	annual	Met

TREAT EVERYONE FAIRLY AND RESPECTFULLY, AS A PARTNER

Target / Commitment	By end of financial year	Progress to date
Report on prompt payment statistics: % of invoices received and paid within 30 days Actual paid statistics	2019	67% within 30 days 32% between 30 and 60 days
We continue to submit to all relevant Benchmarks, namely GRESB, CDP and FTSE ESG	annual	Achieved Performance ratings are published in this summary report and partially on our Sustainability website
We will continue to reference and meet our most relevant standard: EPRA We will provide a GRI table and work on reporting all relevant indicators by 2022	annual	Achieved We have received our first ever EPRA Sustainability Best Practices Recommendations (sBPR) award (Bronze)
Conduct a review of current supply chain practices and gather meaningful data to conduct a risk profile	2019	Supplier Risk matrix produced Individual suppliers to be engaged 2019/2020
It is our aim to keep everyone safe when visiting or working at our stores. Any accident or incident is investigated and – where within our control – efforts are made to learn from the incident so that there are no repeats.	annual	No fatalities – accident statistics are published in the H&S section of this report

Strategic Report (continued)

Corporate Social Responsibility Report (continued)**3.0 OUR PEOPLE**

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

We recognise that recruiting, retaining and motivating individuals with talent and integrity, and ensuring that we listen to our people and maximise their skills and performance, is key to the continued success of our Company.

We 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 £47,000 of points for the year ended 31 March 2019.

This year, in conjunction with Marketing, we have significantly increased our employee brand presence across main social media platforms, namely LinkedIn and Facebook.

We had a successful year:

- Internally promoted 25 existing Store team members into a more senior role.
- Successfully implemented our new recruitment system (eARCU) in Autumn 2018. This is now used by all hiring managers for raising a vacancy and managing the recruitment and hiring process – we expect this to help optimise the average time taken from placing a vacancy to the point of making an offer.
- Created our innovative employer advert 'A career as individual as you are': this video clip showcases our culture and benefits through a series of engaging 'quick questions' featuring our employees.
- Having committed to improving the representation of women within management positions, we are pleased to report that we are seeing some positive outcomes:
 - Two of our (store) development programmes (Inspire and Evolve) saw significant increases in female participants:
 - Inspire had 85% female participation (up from 25% during 2017/18) and Evolve had 60% female participation (up from 43% in 2017/18).
 - In addition, our proportion of female Store Managers has increased from 25% in 2018 to 29% this year.
- Delivered a total of 1,806 training days.
- Reviewed the careers pages on our website and this, together with our social media and job board presence, aims to reduce our recruitment costs by encouraging more direct recruitment into our business.
- Continue to promote employee wellbeing through a range of flexible working options and provide comprehensive support and advice through our private healthcare scheme and occupational health providers.
- Communication and Engagement programmes have evolved further with the publication of a new internal magazine 'The Bigger Space' alongside our 'traditional' approach with meetings, weekly updates, our fun 'Yello' blogs and our annual Spring Conference.
- Achieved a position in the Sunday Times 100 Best Companies to Work For 2019.

Best Companies

Achieved a position in the Sunday Times 100 Best Companies to Work For 2019.

**1,806**

Training days delivered.

16%

increase in female store managers.

4.0 OUR COMMUNITIES

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

Community Investment and Engagement

From our construction activities to the day to day running of our stores, our aim is to positively contribute to the local economy and enhance our communities.

We do that in two main ways:

- firstly our direct community investment and engagement programme; and
- secondly our Big Yellow Foundation.

2018/19 was the first full year for The Big Yellow Foundation and we have remained committed to our six charity partners: Bounce Back, Breaking Barriers, the Back Up Trust, the Down Syndrome Association, Hire a Hero and the St Giles Trust.

During the year, we:

- Introduced Big Yellow Foundation questions as part of our WOW Customer Experience Surveys: 61% of customers recall being asked about our Foundation when they moved in, 54% recall being asked to move out;
- Continued to develop work placement and volunteering opportunities;
- Produced our first Annual Report for the Big Yellow Foundation (for FY 2017/18);
- Implemented reviews of Foundation 'performance' during our Directors' Store Visits, embedding the Big Yellow Foundation into our DNA;
- Developed induction material for the Big Yellow Foundation (for roll out in May 2019).

THE BIG YELLOW FOUNDATION

Over the last year Big Yellow staff volunteered with the Breaking Barrier Customer Services skills courses – supporting our charity partners not just with grants but making a difference by utilising the skills of our colleagues.

In our first year we have been busy setting up, piloting and rolling out fundraising structures – with all of our stores and head office fully engaged, we have been able to make grants to our six partners of over £102,000.

Our staff have shown incredible dedication and passion – and our customers have been supportive and generous – and it is thanks to them that we have been able to support our deserving charity partners so well.

What we think makes our Big Yellow Foundation so special is that it has been built from within Big Yellow. Its Board of Trustees is made up of three senior leaders, chaired by our CEO, James Gibson. The Big Yellow Steering Committee, which is made up of 10 individuals from stores and head office, works hard to ensure the Foundation is funded and that everyone at Big Yellow is able to get involved in fundraising, volunteering and work placement activities. The Foundation has truly become part of our DNA.

Fundraising

For 2019/2020 we are hoping to maintain our fundraising target of raising

£150,000

for the Big Yellow Foundation.



HELPING VULNERABLE PEOPLE LEAD BRIGHTER LIVES

**£102,000**

Paid in grants to our six selected charity partners.

£602,000

worth of free space donated to 170 different organisations.

Corporate Social Responsibility Report (continued)

5.0 OUR CUSTOMERS

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

Furthermore, we provide our customers with easy access to relevant environmental and broader CSR information and actively engage with them through our Big Yellow Foundation. 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 with EPCs (Energy Performance Certificates) will have these certificates prominently displayed in the reception area.

We report on the following aspects:

- Customer and Visitor Health & Safety - please refer to the Health & Safety section of this report.
- Customer Service performance, Security of our stores and the financial stability of our organisation – please refer to the Operating and Financial Review.
- Our commitment to the Environment, in particular running efficient stores – please refer to the Environmental section of this report.
- Our commitment to and investment in our local communities – please refer to the Communities section of this report.

During the year, we have added questions to our Customer Experience questionnaires to ascertain an initial level of engagement around our social initiatives, specifically from the Big Yellow Foundation.

6.0 OUR SUPPLIERS

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

During 2018/19:

- We defined risks at supplier industry level and established a matrix-based approach, which considers spend levels and business critically to focus on the most relevant aspects of our supply chain.
- Paid 67% of invoices within 30 days and 32% between 30 and 60 days.
- Average time to pay an invoice: 29 days.
- No issues raised via our confidential whistleblowing helpline.
- As announced last year, we have signed up to the Prompt Payment Code (PPC) and have committed to publishing payment data (You can find out more about the PPC at www.promptpaymentcode.org.uk); please see the table below for this year's performance.

Days	April to September 18 Number of invoices	% paid	October 18 to March 19 Number of invoices	% paid	Year ended 31 March 2019 Number of invoices	% paid
< 30	3,817	60%	4,772	73%	8,589	67%
30 – 60	2,436	39%	1,622	25%	4,058	32%
> 60	62	1%	147	2%	209	2%
Value per sq ft	6,315		6,541		12,856	

Transparency & Conflict free:

Our whistleblowing policy and helpline are available to our suppliers and we're pleased to report that no instances were reported to us.

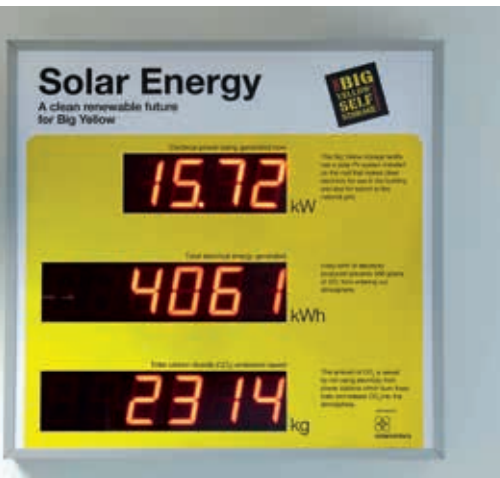
Supply Chain Risk Assessment:

During 2018/19 we have completed our detailed, initial Supply Chain Risk Assessment and have identified a small number of suppliers we will want to assess further.

You can read more about our plans with and for suppliers online in our Full CSR Report.

Together with our customers we have raised

£160,000
for The Big Yellow Foundation.



21

stores now have Solar PV installations

79.1

net promoter score from our customers in the year

Our suppliers are integral to our success from delivering new stores to removing single-use plastic.



Average time to pay an invoice was

29 days

Signed up

to the Prompt Payment Code

Corporate Social Responsibility Report (continued)

7.0 OUR HEALTH & SAFETY

Big Yellow recognises the importance of maintaining high standards of Health & Safety for our customers, staff, contractors and any visitors to our stores.

Our Health & Safety Committee reviews Policy, Risk Assessments, performance and records on a quarterly basis. The Policy covers two distinct areas – our construction activities and our routine store operations.

The Health & 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 & Safety Policy states that all employees have a responsibility for Health & Safety, but that managers have special responsibilities. The responsibilities of Adrian Lee, Operations Director, are to keep the Board advised on Health & Safety issues and to ensure compliance with the Policy in respect of Construction (via the Construction Director) and store operations (via the Facilities Manager and Head of Store Operations). Externally, other interested stakeholders include the Health & Safety Executive (HSE) and Local Government Authorities.

- There were no “Fatal Injuries, Notices or Prosecutions” during the year ended 31 March 2019 in any part of our operations.

- During the year ended 31 March 2019 we had four reportable accidents, all of which happened to either customers or visitors to our stores. We have examined the causes of the accidents and remain committed to doing everything we can to ensure everyone’s safety.
- Out of the 55 minor injuries to our customers, approximately half were the result of cuts – for our staff, just over one third were the result of cuts and strains relating to the handling of goods. Most of these injuries and those of ‘visitors’ could have been avoided by personal protective gloves and foot-wear.
- There were 2,473 ‘Man Days’ worked on new store construction ‘Fit Out’ projects in 2018/19.
- Two Minor Injuries and no Reportable Injuries were recorded during these works.
- With a total of 36 points, we achieved ‘performance beyond compliance’ for the fit out work of our newest store in Manchester (opened in May 2019) from the independent Considerate Constructors Scheme (“CCS”). Each of the five sections [‘Care about Appearance’, ‘Respect the Community’, ‘Protect the Environment’, ‘Secure everyone’s Safety’, ‘Value their Workforce’] received a minimum of 7 points each.

Big Yellow Store Customer, Contractor and Visitor Health & Safety

Year ended 31 March	2015	2016	2017	2018	2019
Number of customer move-ins	75,097	75,438	71,715	73,928	73,292
Number of minor injuries	50	58	41	61	55*
Number of reportable injuries (RIDDOR)	4	4	1	1	4*
RIDDOR per 100,000 customer move-ins	5.3	5.3	1.4	1.3	5.5

+ Indicates data reviewed by Deloitte LLP as part of their assurance work. See page 60 for the independent assurance.
Notes: RIDDOR = Reporting of Injuries, Diseases and Dangerous Occurrences.

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

Year ended 31 March	2015	2016	2017	2018	2019
Average Number of Staff	300	318	329	335	347.3*
Number of Minor Injuries	15	10	9	13	14*
Number of Reportable Injuries (“RIDDOR”)	1	1	0	1	0*
AllR* per100,000 staff	333	314	0	299	0*

+ Indicates data reviewed by Deloitte LLP as part of their assurance work. See page 60 for the independent assurance.
Notes: Annual Injury Incident Rate = the number of staff reportable injuries / average number of staff (x100,000).

Big Yellow Construction ‘Fit Out’ Health & Safety

Year ended 31 March	2015	2016	2017	2018	2019
Number of Total Man Days worked	3,005	6,560	1,111	2,726	2,473*
Number of Minor Injuries	1	3	0	3	2*
Number of Reportable Injuries (RIDDOR)	0	0	0	0	0*

+ Indicates data reviewed by Deloitte LLP as part of their assurance work. See page 60 for the independent assurance.
Notes: RIDDOR = Reporting of Injuries, Diseases and Dangerous Occurrences.

8.0 OUR ENVIRONMENT

We monitor and 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 Responsibilities

Our CSR Policy sets out the aspects of what we manage. Our CSR Policy Standard, launched at the end of 2017, provides further information on how we monitor and manage the impact of our business on the local environment, to control the risks to our business and manage opportunities – we have commenced the process to understand the impact a changing climate has on our business.

Task Force on Climate-Related Financial Disclosure (TCFD)

We have aligned ourselves to the core elements of the TCFD. The Task Force structured its recommendations around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets.

Information on Governance and Risk Management are set out in our CSR Policy Standard. We commenced a formal risk management process review during 2018/19 and expect to deliver a first update to the Board on TCFD during 2019/2020.

Compliance

We state our energy use and carbon emissions in compliance with the Companies Act and the Climate Change Regulation on Reporting Greenhouse Gas (“GHG”) Emissions for listed companies.

We have used the DEFRA Department Environmental Reporting Guidelines conversion factors for the relevant year – please refer to the Basis of Reporting document for more specifics.

Approach

In the Basis of Reporting document 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). We have worked with EPRA during the year to further strengthen our approach to their benchmarks.

Materiality threshold: this year we have achieved energy data completeness (electricity, solar and gas) of nearly 100%, so we no longer exclude data based on a materiality threshold.

Reporting Materiality: UK grid bought electricity represents 90.1% of our total energy consumption. Solar represents 4.2%, with the remaining 5.7% of consumption due to gas use in our office heating systems.

External benchmarking

We use the detail provided in the Full CSR Report to participate in other benchmarks, such as the annual Carbon Disclosure Project (“CDP”) and the Global Real Estate Sustainability Benchmark (“GRESB”) which allows us to engage with our Ethical Investors. Notwithstanding this, and in order to maintain an efficient and sustainable business for its stakeholders, we have continued to commit significant resources to the environmental and social aspects of our store operations, property portfolio, new store developments and site acquisitions.

For more details on our applications for the above benchmarks see our ‘Basis of Reporting’ document on our Sustainability website.

Environmental Performance

Now our facilities are operating with LED lighting and motion sensors in common areas throughout, we have focused on increasing our renewable energy generation and have invested in three additional solar PV installations in 2018-19.

Also, in the last year, we have:

- Increased our facilities with Solar PVs from 18 to 21 stores, which means that electricity contributed from renewable sources has increased from 3.5% to 4.2%, an increase of 20%;
- Like-for-like electricity consumption shows a small decrease;
- Energy intensity – newly benchmarked against our most relevant denominator ‘CLA’ (Current Lettable Area) – has remained stable;
- Water use has been assessed against the Better Building Partnership (‘BBP’) standards – results show Big Yellow consumption lower than BBP ‘good’ standard;
- Absolute Scope 1 and Scope 2 Store and non-Store emissions decreased by 14.5%, largely due to a favourable UK fuel mix;
- In 2018/ 2019 total Scope 1 and Scope 2 GHG emissions reduced by 59.7% from our peak GHG emission year 2011. This reduction is partly due to the increase in Scope 1 refrigerant efficiency and for Scope 2 the improved UK fuel mix and contributions from our Solar PV installations; and
- Energy Performance Certificates (“EPCs”): 86.7% of our stores’ have EPCs – all bar one are ‘green’ rated (i.e. either A, B or C grade).

We are presenting a select number of key longer-term environmental KPIs in this report. For the full EPRA table, additional KPIs and an expanded narrative, please see our Full CSR Report.

Corporate Social Responsibility Report (continued)

8.0 OUR ENVIRONMENT (continued)

ENERGY

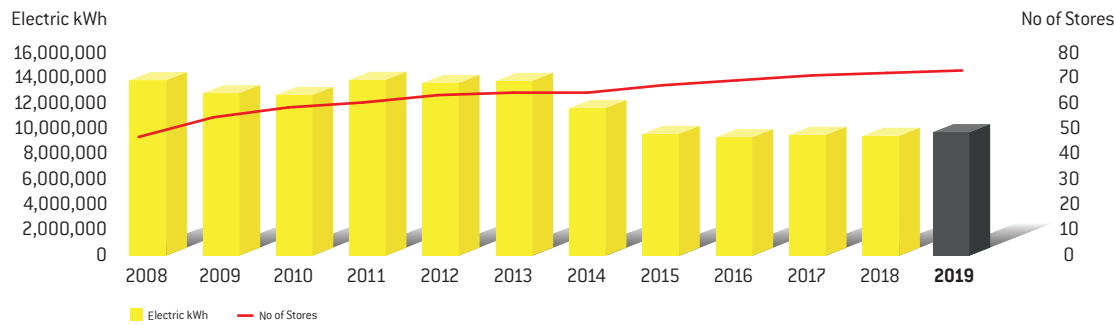
Energy Intensity (expressed in EPRA indicator)

Energy consists of electricity and gas as well as on-site generated solar energy. This year, we are switching from 'GIA' (Gross Internal Area) to Current Lettable Area ('CLA') for all our reporting, as this is the relevant measure for a self storage facility – in order to aid the transition, we have provided both numbers – in future years will state MWh/m² CLA only.

Our energy intensity for CLA has remained steady.

EPRA code	Measurement unit	Indicator	2016/17	2017/18	2018/19	% change
Energy-Int	MWh/m ² /year – GIA	Energy Intensity	0.016	0.015	0.024	56%
Energy-Int	MWh/m ² /year – CLA	Energy Intensity	–	0.024	0.024	–

Long Term Electricity Use

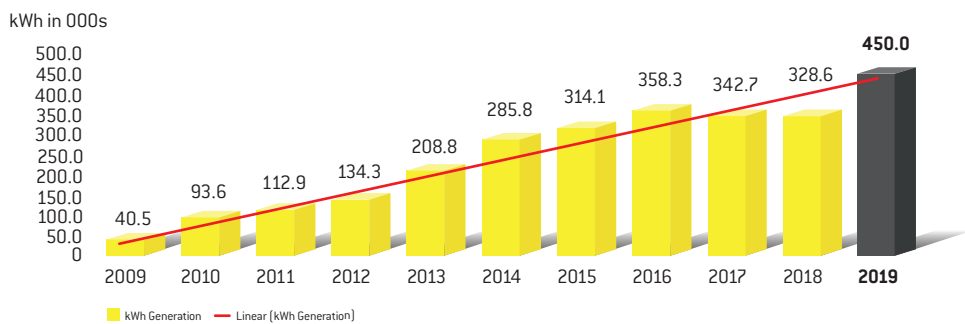


2 Total store energy use 2019:10,548MWh, GIA number: 4,653,000 sq. ft = 432,277 m². CLA number for FY2017/18: 426,704 m². CLA number for FY2018/19: 430,914m²

It is pleasing to report that our stores have become more efficient over time.

With a growing store portfolio, efficiency is key to how we deliver long-term returns on investment.

Store Portfolio Long Term Solar Electricity Generation (2009 to 2019)



Our portfolio of stores with roof-mounted solar PV installations generate low carbon electricity that is monitored for performance and receive financial payments from energy companies we export to. There are now 21 stores with solar installations, many of which have an installed capacity of 50kWh.

Total Energy Use (Electricity and Gas) and Materiality

UK grid bought electricity represents 90.1% of our total energy consumption. Solar represents 4.2% (assuming that all of the electricity generated is used in store), with the remaining 5.7% due to gas consumption.

8.0 OUR ENVIRONMENT (continued)

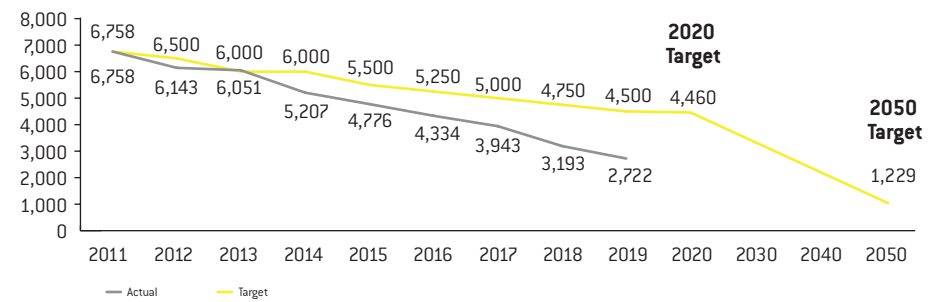
EMISSIONS

Executive Summary

Total Scope 1 and 2 Emissions

- We have reduced our Scope 2 emissions by 59.7% from our peak year 2011.
- Our annual average carbon emission reductions from 2011 is approximately 7.5% per annum; more than double the target set for the commercial property sector to meet the UK Government's GHG emission target of a 34% reduction by 2020 (or a reduction of 3.5% per annum to 2050).
- Reductions are due to both our energy efficiency programmes and more recently, compared to last year, due to a favourable UK fuel mix.

Total Scope 1 and 2 Emissions



Total Scope 1 and 2 GHG Emissions Intensity

Our GHG Emissions 'intensity' indicators are based on average customer occupancy (m²), total Group revenue (£) and current lettable area ("CLA" per m²).

Year end 31 March	2011	2016	2017	2018	2018 restated	2019	% change from 2011 Peak
Total (tCO ₂ e)	6,879.5	4,456.2	4,126.9	3,520.5	3,340.0	2,853.9*	(58.5%)
GHG Intensity: kg CO ₂ e/ Customer Occupancy m ²	34.8	14.6	12.7	10.2	9.7	8.0*	(77.0%)
GHG Intensity: kg CO ₂ e/ Annual Revenue £000s	0.11	0.04	0.04	0.03	0.028	0.023*	As of 2018/29 we're switching to annual revenue £000s (see below)
GHG Intensity: kg CO ₂ e/ Annual Revenue £000s	111.0	40.0	37.8	30.1	28.6	22.8*	(79.5%)
GHG Intensity: kg CO ₂ e/ Current Lettable Area ('CLA') m ²	20.8	–	–	–	7.8	6.6*	(68.3%)

+ Indicates data reviewed by Deloitte LLP. See page 60 for their independent assurance report

From 2018/19 onwards, we will be reporting in £000s as easier to read
Baseline year 2011 Scope 1 and Scope 2 GHG emissions reported at 7,450 tCO₂e, CLA:3,019,428 sq. ft 2010/11 = 280,514m²

WATER

We're very pleased to share that our water consumption is significantly lower than the BBP 'Good' level.

This year, we have applied the Better Building Partnership's (BBP) 2017 Real Estate Environmental Benchmarks (Water). We have selected: 'Water Benchmarks – Enclosed Shopping Centres' – 'Water Intensity' – Water Intensity by space (litres/m² CLA / year).

Corporate Social Responsibility Report (continued)

8.0 OUR ENVIRONMENT (continued)

Flooding and Droughts

As part of our Climate Change mitigation and adaptation initiatives, our stores have features that take the local aspects of ‘water’ into consideration – either by incorporating Sustainable Urban Drainage Systems (SUDs) or Rain Water Harvesting. We conduct detailed site assessments throughout our planning and construction phases to ensure risks are adequately mitigated and our store infrastructure can cope with a variable long-term future.

WASTE

Waste Sources and Segregation

Our main source of waste is from the operational activities of our stores (mainly retail and office activities) and these have a relatively low environmental impact. Our store staff apply best practice waste segregation for general and mixed dry recyclable materials at our stores.

Executive Summary

- Since our ‘total waste’ benchmark year in 2011 of 244t, our CLA has increased from 280,514 m² to 430,914m², an increase in 53.6%. Total waste has increased to 370t in 2019, an increase of 51.6% from 2011.
- Our in-store recycling performance has broadly stayed the same – we have issued all our stores with separate recycling bins and communication and will seek to improve our performance going forward.
- During the year we have had increase demand from our business customers for waste services. In a number of instances, we facilitated the separate collection of customers’ waste (which is not reported here) but understand some stores are likely to have permitted Big Yellow bins to be used. We will seek to clarify the process in more detail with all stores during 2019/20.

For methodology, please see www.betterbuildingspartnership.co.uk CPA (Common Part Area) at Big Yellow means our customer occupied space – we have used the data as of 31.03.2019

New Store Construction ‘Fit-out’ Waste Management Performance

In 2018/19, Manchester was under construction ‘Fit Out’ phase and generated 38.8t site waste. 100% of the waste generated was recycled; plasterboard was 100% recycled too.

Manchester achieved a BREEAM SMART Waste Benchmarks Amount of waste tonnes per 100m² of ‘3’.

RESOURCE USE

Big Yellow is committed to using its resources carefully to meet our present requirements without compromising the ability of future generations to meet their own needs.

This year, we have focussed our attention on removing single-use plastic where possible from our packaging material supplies: the plastic packaging for the eight product lines we had identified for modification by 2022 weighed approximately 1,600kg. Stock with the old plastic packaging is selling through steadily which means that by end of March 2019 we had managed to remove around 1,500kg of single use plastic from our sales.

GREEN STORE PORTFOLIO

Executive Summary

- The performance of our Green Store portfolio has improved significantly during the year. Over 87% of our CLA has an EPC performance of C or above.
- Furthermore, we are making a commitment that all our new built stores will be assessed at a BREEAM standard of ‘very good’ or above (or the equivalent where the standard is not applicable) at pre-construction assessment stage.
- All stores have energy efficient LED lighting (internal and external) and motion sensors in communal areas.

	2017	2018	2019	2025 Target
CLA covered by Green aspects (%)	41%	61%	87%	100%
EPC performance of C or above for our certified stores	76%	79%	98%	90%
New-built Stores BREEAM pre-construction standards ‘Very Good’ or above	No new stores built	100%	100%	100%

8.0 OUR ENVIRONMENT (continued)

LEGISLATION & STANDARDS

LEGISLATION

Mandatory Greenhouse Gas (GHG) Emissions Statement

The ISAE 3000 Standard provides an evaluation methodology for both the quantitative and qualitative aspects of our carbon management and our energy use. We report our ‘self storage’ portfolio emissions and the ‘absolute’ emissions that include our ‘non store portfolio’.

We report energy use and carbon emissions in compliance with the Companies Act and Climate Change Regulation on Reporting Greenhouse Gas (“GHG”) Emissions for listed companies.

For more details on our applications for the above benchmarks please see the ‘Basis of Reporting’ section of the CSR section of our Investor Relations website.

An overview of the following schemes and our performance is provided in our Full CSR Report 2018/19:

- Carbon Reduction Commitment (“CRC”) Scheme;
- The UK Energy Savings Opportunities Scheme (“ESOS”); and
- Energy Performance Certificate (“EPCs”).

STANDARDS

We subscribe to a number of industry specific standards, such as BREEAM, the CCS and EPRA – for full details please see our Full Annual CSR Report.

9.0 TARGETS

We continue to be committed to our long-term emission reduction targets – targets are set out within each section of our Full CSR Report and we will provide updates on progress.

10.0 STAKEHOLDERS

We published our refreshed strategy, which now addresses three key stakeholder concerns:

- ‘provide the place and space to make lives easier’;
- ‘treat everyone fairly and respectfully, as a partner’; and
- ‘plan and act for a sustainable future’.

We look forward to engaging with all our stakeholders to ensure our business remains relevant and continues to meet the needs of our stakeholder groups.

11.0 INVESTORS

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

For more information on these benchmarks, please see the ‘Benchmarks, Legislation and Standards’ section of our Full CSR 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, both in the UK and internationally.

This year, we have changed the front page of the Investor section of our website to include our CSR email address. We hope that this will make it easier for our investors to ask relevant CSR questions directly.

We achieved a bronze standard for EPRA sBPR (sustainable best practice reporting).



87%
of CLA covered by ‘Green Aspects’

1,500kg
of single-use plastic removed from our product packaging



INDEPENDENT ASSURANCE STATEMENT BY DELOITTE LLP (“DELOITTE” OR “WE”) TO BIG YELLOW GROUP PLC (“BIG YELLOW”) ON SELECTED INDICATORS DISCLOSED WITHIN THEIR CORPORATE SOCIAL RESPONSIBILITY REPORT 2019 (“THE REPORT”)

What we looked at: scope of our work

We have been engaged by Big Yellow to perform limited assurance on selected Group level Corporate Social Responsibility (“CSR”) performance indicators (“the Subject Matter”) for the year ended 31 March 2019. The assured data are indicated by the + symbol in the Report.

Carbon footprint indicators:

- Store electricity (tCO₂e)
- Store flexi-office gas emissions (tCO₂e)
- Refrigerant emissions (tCO₂e)
- Absolute carbon dioxide emissions (tCO₂e)

Store electricity use, CO₂ emissions, and carbon intensity:

- Electricity use (kWh)
- Like-for-like electricity use (tCO₂e)
- Absolute carbon emissions (tCO₂e)
- Carbon intensity (kgCO₂e/m² current lettable area)
- Carbon intensity (kgCO₂e/m² occupied space)
- Carbon intensity (kgCO₂e/£ revenue)

Renewable energy generation and CO₂ emissions reductions:

- Total renewable energy (kWh)
- Renewable energy percentage of total store use (%)

Staff, customer, and visitor health and safety:

- Average number of employees
- Minor Injuries
- Reportable injuries (RIDDOR)
- Annual Injury Incidence rate (AIR) per 100,000 staff
- Notices

Construction ‘fit-out’ health and safety

- Minor Injuries
- Reportable injuries (RIDDOR)

What we found: our assurance opinion

Based on the assurance work we performed, nothing has come to our attention that causes us to believe that the selected CSR performance indicators, as noted above, have not been prepared, in all material respects, in accordance with Big Yellow’s reporting criteria as described at: <https://corporate.bigyellow.co.uk/sustainability/reports-and-case-studies>

What standards we used: basis of our work and level of assurance

We carried out limited assurance in accordance with the International Standard on Assurance Engagements 3000 Revised (ISAE 3000). To achieve limited assurance ISAE 3000 requires that we review the processes and systems used to compile the areas on which we provide assurance. This standard requires that we comply with the independence and ethical requirements and to plan and perform our assurance engagement to obtain sufficient appropriate evidence on which to base our limited assurance conclusion. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls. This is designed to give a similar level of assurance to that obtained in the review of interim financial information. This provides less assurance and is substantially less in scope than a reasonable assurance engagement.



What we did: our key assurance procedures

Considering the risk of material error, our multi-disciplinary team of CSR assurance specialists planned and performed our work to obtain all the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion. Our work was planned to mirror Big Yellow’s own group level compilation processes, tracing how data for each indicator within our assurance scope was collected, collated and validated by corporate head office and included in the Report.

Key procedures we carried out included:

- Making inquiries of management to obtain an understanding of the overall governance and internal control environment relevant to management and reporting of the subject matter;
- Understanding, analysing, and testing on a sample basis the key structures, systems, processes, procedures, and controls relating to the aggregation, validation and reporting of the subject matter set out above; and
- Reviewing the content of the CSR Report 2019 against the findings of our work and making recommendations for improvement where necessary.

Big Yellow’s responsibilities

The Directors are responsible for the preparation of the Report and for the information and statements contained within it. They are responsible for determining the CSR goals, performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Deloitte’s responsibilities, independence and team competencies

Our responsibility is to independently express a conclusion on the performance data for the year ended 31 March 2019. We performed the engagement in accordance with Deloitte’s independence policies, which cover all of the requirements of the International Federation of Accountants Code of Ethics and in some cases are more restrictive. The firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We confirm to Big Yellow that we have maintained our independence and objectivity throughout the year, including the fact that there were no events or prohibited services provided which could impair that independence and objectivity in the provision of this engagement.

This report is made solely to Big Yellow in accordance with our engagement letter. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Big Yellow for our work, for this report, or for the conclusions we have formed.

Deloitte LLP

London, United Kingdom
20 May 2019