



## Big Yellow Group PLC

(“Big Yellow”, “the Group” or “the Company”)

### RESULTS FOR THE YEAR ENDED 31 MARCH 2021

#### DELIVERING GROWTH IN A CHALLENGING YEAR

	Year ended 31 March 2021	Year ended 31 March 2020	Change
<b>Financial metrics</b>			
Revenue	<b>£135.2m</b>	£129.3m	4.6%
Store revenue <sup>(1)</sup>	<b>£132.5m</b>	£125.4m	5.7%
Like-for-like store revenue <sup>(1)</sup>	<b>£131.2m</b>	£125.1m	4.9%
Store EBITDA <sup>(1)</sup>	<b>£91.9m</b>	£87.2m	5.4%
Adjusted profit before tax <sup>(1)</sup>	<b>£74.6m</b>	£71.0m	5.1%
EPRA earnings per share <sup>(1)</sup>	<b>42.4p</b>	42.1p	0.7%
Dividend – final	<b>17.0p</b>	16.7p	1.8%
– total	<b>34.0p</b>	33.8p	0.6%
<b>Statutory metrics</b>			
Profit before tax	<b>£265.8m</b>	£93.4m	185%
Cash flow from operating activities	<b>£76.7m</b>	£73.6m	4.2%
Basic earnings per share	<b>152.3p</b>	55.8p	173%
<b>Store metrics</b>			
Store Maximum Lettable Area (“MLA”) <sup>(1)</sup>	<b>4,930,000</b>	4,688,000	5.2%
Closing occupancy (sq ft) <sup>(1)</sup>	<b>4,201,000</b>	3,781,000	11.1%
Occupancy change <sup>(1)</sup>	<b>420,000 sq ft</b>	(29,000 sq ft)	449,000 sq ft
Closing occupancy <sup>(1)</sup>	<b>85.2%</b>	80.7%	4.5 ppts
Occupancy – like-for-like stores (%) <sup>(1)</sup>	<b>87.4%</b>	80.7%	6.7 ppts
Average net achieved rent per sq ft <sup>(1)</sup>	<b>£28.16</b>	£27.86	1.1%
Closing net rent per sq ft <sup>(1)</sup>	<b>£28.71</b>	£28.15	2.0%

<sup>1</sup> See note 28 for glossary of terms

#### Highlights

- 4.6% revenue increase largely driven by increase in average occupancy
- Store revenue for the fourth quarter was £33.8 million, an increase of 9.7% from £30.8 million for the same quarter last year
- Average net achieved rent per sq ft up 1.1% year-on-year. Like-for-like closing store occupancy 87.4% (2020: 80.7%)
- Cash flow from operating activities increased by 4.2% to £76.7 million
- Adjusted profit before tax up 5.1% to £74.6 million, adjusted earnings per share up 0.7% to 42.4p
- 0.6% increase in total dividend to 34.0 pence per share
- Statutory profit before tax of £265.8 million, up 185% from prior year due to higher revaluation gain on investment properties
- Three new stores opened in the year in Camberwell (London), Bracknell and Battersea (London)
- Placing of 8.3 million shares in April 2020 raising £79.9 million (net of expenses) to grow our development pipeline
- Acquisition of four new development sites in Wapping, Staines, Epsom, and Kentish Town (all London) with a total estimated self storage development cost of £106 million. These acquisitions take the pipeline to 14 sites totalling approximately 1.0 million sq ft (20% of current MLA)
- Planning consent secured on five proposed stores in year, eight in total now have planning

**Nicholas Vetch, Executive Chairman of Big Yellow, commented:**

“This has been a very challenging year for everyone with the combined effects of a health and an economic crisis. Throughout the year, we made significant investment to make our workplaces safe and Covid-secure for our employees, customers, and suppliers. We have also increased our focus on wellbeing to heighten our responsiveness during what has been a very stressful time.

We have worked hard over many years to create an inclusive culture with high levels of engagement, and this has been reflected in the outstanding efforts of our people over the last year. I would like to thank them all for their continued loyalty and efforts to tackle all the challenges that have faced us since the onset of the pandemic.

We can have no complaint as to the performance of the business over the last year. Risks remain and therefore, as always, we remain cautious. There are, however, reasonable grounds to have confidence in our business model having navigated two external crises of considerable proportion since the Global Financial Crisis.

This pandemic has accelerated many structural changes that were already occurring, such as the move to online retailing and an increase in working from home facilitated by technological advances. These developments, combined with the shortage of quality flexible mini-warehousing space, from which to operate small scale storage and e-fulfilment is helping to drive our demand. We believe these are long-term trends.

The structural need for self storage is now firmly embedded and so, put simply, we are building more of it focussed on our core areas of London, its commuter towns, and major cities where the barriers to new supply remain high. This increase in capacity, combined with the cash flow growth we can derive from our existing portfolio, given its increased pricing power, will drive performance over the next few years.

The stores are approaching our target of 90% occupancy, we have fourteen sites in development, representing 20% growth to the existing capacity and we have ten times interest cover. Our investment case remains to provide consistent compounding returns from both income and growth from a secure capital structure.”

**ABOUT US**

Big Yellow is the UK’s brand leader in self storage. Big Yellow now operates from a platform of 103 stores, including 25 stores branded as Armadillo Self Storage, in which the Group has a 20% interest. We own a further 14 Big Yellow self storage development sites of which 8 have planning consent. The current maximum lettable area of the existing platform (including Armadillo) is 6.0 million sq ft. When fully built out the portfolio will provide approximately 7.0 million sq ft of flexible storage space. Of the Big Yellow stores and sites, 98% by value are held freehold and long leasehold, with the remaining 2% short leasehold.

The Group has pioneered the development of the latest generation of self storage facilities, which utilise state of the art technology and are located in high profile, accessible, main road locations. Our focus on the location and visibility of our Big Yellow stores, with excellent customer service, a market-leading online platform, and significant and increasing investment in sustainability, has created the most recognised brand name in the UK self storage industry

# Big Yellow Group PLC

## Chairman's Statement

Big Yellow Group PLC ("Big Yellow", "the Group" or "the Company"), the UK's brand leader in self storage, is pleased to announce its results for the year ended 31 March 2021.

The Group has delivered continued growth in all metrics over what has been a very challenging year.

The trading momentum we referred to when announcing our half year results has continued in the second half, and the increase in occupied space we have achieved this year has been one of the strongest for many years. This growth has been driven by both domestic and business demand, broadly in proportion to the space they occupy within the business. We are also pleased to have delivered growth in adjusted profit, cash flow and earnings per share over the year.

Awareness of self storage has increased over the year and we have seen that through a significant step-up in visits to our digital platforms and prospect growth.

This pandemic has accelerated many structural changes that were already occurring, such as the move to online retailing and an increase in working from home facilitated by technological advances. These developments, combined with the shortage of quality flexible mini-warehousing space, from which to operate small scale storage and e-fulfilment is helping to drive our demand. We believe these are long-term trends.

### Financial results

Revenue for the year was £135.2 million (2020: £129.3 million), an increase of 4.6%. Like-for-like store revenue growth (see note 28) was 4.9%.

Store revenue for the fourth quarter was £33.8 million, an increase of 9.7% from £30.8 million for the same quarter last year.

At 31 March 2021 like-for-like occupancy was 87.4%, an increase of 6.7 ppts from the same time last year. Average rental growth was up 1.1% year-on-year compared to 2.7% last year.

Operating cash flow increased by £3.1 million (4.2%) to £76.7 million for the year (2020: £73.6 million). During the year we spent £73.0 million on growth capital expenditure, compared to £63.7 million in 2020.

Given that our central overhead and operating expense is largely embedded in the business, this revenue growth has delivered an increase of 5.1% in the adjusted profit before tax in the year of £74.6 million (2020: £71.0 million). EPRA earnings per share increased by 0.7% to 42.4p (2020: 42.1p) with an equivalent 0.6% increase in the dividend per share for the year. The increase in earnings per share is lower than that reported for adjusted profit before tax due to the dilutive effect of the equity placing in April 2020.

The Group's statutory profit before tax was £265.8 million, an increase of 185% from £93.4 million in the prior year with a higher revaluation gain on our investment properties in the year.

Net debt was £325.0 million at 31 March 2021, we have available liquidity of approximately £100 million and the business continues to generate positive post-dividend cash flow.

### Investment in new capacity

We were able to successfully open three stores in the year, albeit with delays caused by the Spring 2020 lockdown and the requirement to operate thereafter with strict Covid protocols, adding 204,000 sq ft to our platform. Initial trading has been encouraging, with Camberwell (opened July 2020) at 38% occupancy at the year end, Bracknell (opened September 2020) at 40% occupancy and Battersea (opened November 2020) at 26% occupancy, and all three stores are now making a positive contribution to earnings. We expect to continue opening our pipeline stores and are therefore seeing the benefit of six years of hard work building up the development pipeline and successfully gaining planning consents.

#### *Site acquisitions*

It has always been difficult to acquire sites by dint of their scarcity with competition principally coming from other uses. Historically this has been from residential, and other uses such as car showrooms and offices, however, whilst the latter two have weakened, we are now seeing increased competition from the urban industrial and logistics sector.

We announced in July that we had exchanged contracts to acquire a site at 60-70 The Highway, Wapping, London adjacent to our existing store for £18.6 million. We will be seeking planning permission for a mixed-use scheme across both sites to comprise approximately 125,000 sq ft of self storage and ancillary space together with approximately 150

# Big Yellow Group PLC

## Chairman's Statement

residential units. The intention will be to construct a Big Yellow store on the newly acquired land. When this is complete consideration will be given to the future of the existing property.

In December, the Group acquired a 5.6 acre site at the Causeway, Staines. The £44.6 million development will, subject to planning, comprise a 65,400 sq ft self storage centre including 5,400 sq ft of external access units and 98,500 sq ft of warehousing and logistical space which the Group will develop itself. This is a strategic site with excellent access to the M25 motorway and Heathrow Airport and fills a gap in our London store network.

In March, the Group acquired a 0.8 acre prime site in Epsom, South West London for £6.5 million. We will be seeking planning permission for a 56,000 sq ft self storage centre on the site. We acquired our fourth site post year end in April, a prominent site in Kentish Town, North London for £16.5 million. We will be seeking planning permission for a 68,000 sq ft self storage centre.

The availability of sites for our use will remain limited despite the current economic dislocation, but we continue to actively seek land to add to our development pipeline to sustain external growth. Our focus remains to acquire development sites in London, its commuter towns, and certain regional cities.

### *Planning*

The planning system remains complex and has successfully adapted to Covid-19 restrictions, with applications being processed. Thanks to the efforts of our property team we have made significant progress with planning consents granted for our new stores in Hayes, North Kingston, Wembley, Harrow, and Kings Cross (all in London). Kings Cross has been a very complex planning process given its location, including the acquisition of additional land, and we were very pleased to receive a resolution to grant planning in October after five years of hard work.

### *Development pipeline*

To fund the acquisition of further development sites, the Group raised £79.9 million (net of expenses), through the issue of 8.3 million shares in April 2020.

Big Yellow now has a pipeline comprising 14 development sites with a cost to complete of approximately £165 million, which will be phased over the next five years as we build out stores. These store openings are expected to add approximately 1.0 million sq ft of storage space to the portfolio, an increase of 20% from the current maximum lettable area of the Group's portfolio.

Our current estimate of net operating income at stabilisation, at today's prices, for this increase in capacity is £25.8 million. The total development cost is estimated to be approximately £294 million implying an 8.8% net operating income return on cost.

Within the figures above, the total self storage development cost of the four sites acquired since April 2020 amounts to approximately £106 million.

### **Dividends**

The Group's dividend policy is to distribute 80% of full year adjusted earnings per share. The final distribution of PID and ordinary dividend declared is 17.0 pence per share. This brings the total distribution declared for the year to 34.0 pence per share representing an increase of 0.6% from 33.8 pence per share last year.

### **Our people**

This has been a very challenging year for everyone with the combined effects of a health and an economic crisis. Throughout the year, we made significant investment to make our workplaces safe and Covid-secure for our employees, customers, and suppliers. We have also increased our focus on wellbeing to heighten our responsiveness during what has been a very stressful time.

We have worked hard over many years to create an inclusive culture with high levels of engagement, and this has been reflected in the outstanding efforts of our people over the last year. I would like to thank them all for their continued loyalty and efforts to tackle all the challenges that have faced us since the onset of the pandemic.

# Big Yellow Group PLC

## Chairman's Statement

### Board

Over the last 12 months we have made further appointments as Non-Executives rotate off the Board. As of today, we have two new Non-Executives who were appointed during the year, one of whom has been appointed since the publication of our last annual report.

Heather Savory joined the Board in March 2021 as a Non-Executive Director. Heather has a wealth of experience in the private and public sectors, and a special interest in the use of data. Heather has been appointed as the Chair of the Group's Sustainability Committee.

Additionally, Michael O'Donnell will join the Board as a Non-Executive Director with effect from 1 September 2021. Michael has significant private equity experience. Richard Cotton will be stepping down from the Board in July 2022, after serving his full term as a Non-Executive.

I have no doubt that they will make a significant contribution to Big Yellow in the coming years.

### Outlook

We can have no complaint as to the performance of the business over the last year. Risks remain and therefore, as always, we remain cautious. There are, however, reasonable grounds to have confidence in our business model having navigated two external crises of considerable proportion since the Global Financial Crisis.

The structural need for self storage is now firmly embedded and so, put simply, we are building more of it focussed on our core areas of London, its commuter towns, and major cities where the barriers to new supply remain high. This increase in capacity, combined with the cash flow growth we can derive from our existing portfolio, given its increased pricing power, will drive performance over the next few years.

The stores are approaching our target of 90% occupancy, we have fourteen sites in development, representing 20% growth to the existing capacity and we have ten times interest cover. Our investment case remains to provide consistent compounding returns from both income and growth from a secure capital structure.

**Nicholas Vetch**  
**Executive Chairman**  
24 May 2021

# Big Yellow Group PLC

## CEO introduction

This has been an extraordinarily difficult year for many throughout the country. If I think back to the second half of March 2020, this was a period of extreme uncertainty as we were having to consider a pandemic risk in the context of so many unknowns. We immediately set up our own Cobra operating committee, which made operational decisions on a daily and weekly basis, with regular communication, both internally and externally, through our digital platforms and social media.

As we are in storage and form part of distribution and logistics, we were able to continue trading throughout the last year. All of our colleagues have had to overcome formidable and unprecedented challenges and I am very proud of their efforts. Their response in March, following the lockdown, was exemplary and it allowed us to continue trading – to serve our customers many of whom were carrying out important work on behalf of the NHS and other charities and critical organisations. We continued providing services to our essential online and offline retailers, and also to our domestic customers many of whom needed storage at short notice, by way of example, students or hotel and hospitality workers who decided to return home when the first lockdown was introduced.

The safety of our employees, in particular those who were continuing to work in our stores, and in some cases the head office, and of our customers and contractors, was of paramount importance. We immediately invested in store protocols, with Perspex screens, signage, masks, and hand sanitiser, and then ensured that when the government protocols came out in mid-May we were in compliance. During the first lockdown we also took the decision to pay for private taxis for our employees who could not drive or cycle to work.

Despite all the turmoil we have continued to innovate and make Big Yellow not only a better business but also better for our communities and more environmentally sustainable; there is of course much more we can and will do.

For existing customers our stores allow automated access and we have a check-in process online that allows for minimal face-to-face contact in store. During the early Summer we implemented paperless move-ins throughout the business with the introduction of digital signature pads. In March of this year, we launched a new improved check-in online process which allows customers to complete the majority of their move-in process remotely, this is saving a significant amount of time at the store, with very positive customer feedback.

We have formed a Sustainability Committee of the Board and are today announcing our plan on how we will go about achieving our goal of Net Renewable Energy positive (“NREP”) in the coming years and eliminating our Scope 1 and 2 emissions. Full details of this plan can be found in our 2021 Annual Report due to be published in June.

The Big Yellow Foundation goes from strength to strength and helps to make the lives of some of the most vulnerable in our society a little better. We have also continued to support our network of over 200 local charities to whom we provide free storage and have also provided free space to the British Red Cross in a number of our stores to support their work with the NHS during the pandemic.

The work of the property team over the last few years is paying off – with new stores opening in Camberwell, Bracknell, and Battersea to be followed by more, driving external growth. All of this with a financially robust capital structure strengthened by the £80 million of equity we raised from shareholders earlier in the year.

We successfully moved all our key training modules online and this, alongside our digital appraisal system, customer feedback and employee engagement platforms, improve information, productivity, and efficiency. Two to three years ago we moved to reduce our reliance on recruitment consultants and recruit directly through digital channels, and this now covers over 90% of our recruitment, with significant savings. We were not able to conduct our annual employee engagement survey during the last 12 months but will be doing so this Autumn. Feedback from our wellbeing experts and operating teams would suggest levels of employee engagement remain high and we have seen a significant reduction in staff turnover over the year.

All of this investment is only possible if the business continues to succeed and it has therefore been pleasing to deliver a resilient performance over the year. We remain confident in our business model and are looking forward to our seasonally stronger summer trading period which will this year coincide with the gradual reopening of the economy. We remain focussed on our core objective of 90% occupancy across the portfolio, and as we further reduce vacant capacity, our pricing model will continue to deliver improved rental growth.

When we conceived of this business we wanted it to be a place where people would be happy working, would feel they had opportunity to progress, and they would be treated fairly, and so I am very pleased to see the work that is being done on diversity, equality and inclusion. For society as a whole, and for all businesses, this is, with climate change, the big challenge and will be a core focus going forward.

**Jim Gibson, Chief Executive Officer**

# Big Yellow Group PLC

## Store Performance

### The store platform

We now have a portfolio of 78 open and trading Big Yellow stores, with a further 14 development sites. The current maximum lettable area of the 78 stores is 4.9 million sq ft. When fully built out the portfolio will provide approximately 5.9 million sq ft of flexible storage space.

In addition, we part-own and manage 25 Armadillo stores which are principally located in regional UK towns and cities, and operate from a platform of 1.1 million sq ft.

### Activity

The table below shows the quarterly move-in and move-out activity for Big Yellow stores over the year.

	<b>Total move-ins Year ended 31 March 2021</b>	<b>Total move-ins Year ended 31 March 2020</b>	<b>%</b>	<b>Total move-outs Year ended 31 March 2021</b>	<b>Total move-outs Year ended 31 March 2020</b>	<b>%</b>
April to June	13,560	18,950	(28%)	10,047	14,742	(32%)
July to September	20,867	20,570	1%	19,128	22,520	(15%)
October to December	16,323	14,643	11%	17,287	17,424	(1%)
January to March	15,616	16,498	(5%)	14,223	15,286	(7%)
<b>Total</b>	<b>66,366</b>	<b>70,661</b>	<b>(6%)</b>	<b>60,685</b>	<b>69,972</b>	<b>(13%)</b>

As can be seen from the table above, both move-in and move-out activity were down over the year, with move-outs more impacted than move-ins. Activity levels have reduced, and rates of retention increased over the year. We believe this is partially a function of a change in customer mix, and also the impact of lockdown restrictions. Our stores are also more mature, and at higher levels of occupancy.

The Group's activity levels dropped significantly during the Spring full lockdown. As the lockdown eased from mid-May we saw increased activity from businesses and individuals, with the third quarter showing strong growth in move-in activity year on year. The lockdown during the fourth quarter caused activity levels to fall slightly year-on-year.

Business move-ins between 1 July 2020 and 31 March 2021 were up 19% year-on-year. The increase in business demand is being driven by online retailers, B2B traders looking for flexible mini-warehousing for e-fulfilment, the shortening of supply chains, and businesses looking to rationalise their other fixed costs of accommodation. This has resulted in an increase in the average size of our move-ins during the year (excluding students) from 66.4 sq ft to 70.3 sq ft.

The average space occupied by business customers at the period end has increased slightly to 180 sq ft. Domestic customers occupy on average 57 sq ft and pay on average 22% more in rent per sq ft, however business customers do stay longer and take more space, and represent around 31% of revenue.

Domestic demand was impacted by the "stay at home message" and the freezing of the housing market. The phased relaxation of lockdown from mid-May and reopening of the housing market, assisted by the stamp duty holiday led to an improvement in all aspects of short stay and longer stay domestic demand. Domestic move-ins between 1 July 2020 and 31 March 2021 were up 3.5% year-on-year.

Student move-ins were down 31% in the year. This is partly due to a spike in emergency move-ins in March 2020 as the lockdown was announced, whilst others were allowed to leave their belongings in their accommodation over the summer term. As at 31 March 2021 we were carrying an additional 24,000 sq ft of approximately 1,100 students in the business compared to normal, some of whom have moved out subsequently. However, the majority are likely to be those who have not yet returned to their universities, many of whom will have remained overseas.

Move-outs showed a similar decline to move-ins over the first quarter. In the second quarter move-outs were lower than the prior year, largely due to the reduction in move-ins during the preceding quarter. As can be seen from the table above, in our third quarter move-outs broadly normalised and were only down 1% compared to the prior year. The lockdown during the fourth quarter saw move-outs fall year-on-year, similar to the decline in move-ins over that quarter.

## Big Yellow Group PLC

### Store Performance

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

Quarterly net occupancy movement	Net sq ft	Net sq ft	Net move-ins	Net move-ins
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
April to June	138,000	125,000	3,513	4,208
July to September	187,000	(25,000)	1,739	(1,950)
October to December	(32,000)	(165,000)	(964)	(2,781)
January to March	127,000	36,000	1,393	1,212
<b>Total</b>	<b>420,000</b>	<b>(29,000)</b>	<b>5,681</b>	<b>689</b>

The performance in the prior year was impacted by the uncertainty around Brexit, and in our third quarter in the run up to the general election, weighing on consumer confidence. The final quarter was impacted in March by the onset of the first lockdown. During this year, our quarter to June was driven by performance in May and June as restrictions started to ease. The second quarter showed strong occupancy gains, with move-outs remaining relatively low. In our seasonally weakest third quarter the occupancy loss represented 0.6% of MLA, compared to 3.5% of the MLA in the prior year, driven by the growth in move-ins referred to above. The fourth quarter showed continued outperformance on the prior year, with 127,000 sq ft of occupancy growth as most of the economy was allowed to continue and many businesses in restricted sectors had innovated and adapted after the experience of the Spring 2020 lockdown.

The table below shows the change in occupancy by customer type over the year:

Customer type	Net sq ft change in year ended 31 March 2021	Net sq ft change in year ended 31 March 2020	Difference
Domestic	267,000 sq ft	11,000 sq ft	256,000 sq ft
Business	145,000 sq ft	(53,000 sq ft)	198,000 sq ft
Student	8,000 sq ft	13,000 sq ft	(5,000 sq ft)
<b>Total</b>	<b>420,000 sq ft</b>	<b>(29,000 sq ft)</b>	<b>449,000 sq ft</b>

The 70 mature stores are 88.0% occupied compared to 82.1% at the same time last year. The 2 established stores have increased in occupancy from 73.4% to 87.1%. The six developing stores added 108,000 sq ft of occupancy in the year to reach closing occupancy of 49.0%. Overall store occupancy has increased in the year from 80.7% to 85.2%. On a like-for-like basis, excluding Camberwell, Bracknell, and Battersea, which all opened in the year, closing occupancy was 87.4%, an increase of 6.7 percentage points.

All stores are now trading profitably at the EBITDA level. The table below shows the average key metrics across the store portfolio (from the Portfolio Summary) for the year ended 31 March 2021:

	Mature stores	Established stores	Developing stores	All stores
Average store capacity	63,650	62,000	58,200	63,200
Average sq ft occupied per store at 31 March 2021	56,000	54,000	28,500	53,850
Average % occupancy	88.0%	87.1%	49.0%	85.2%
Average revenue per store (£000)	1,802	1,471	559	1,698
Average EBITDA per store (£000)	1,269	977	182	1,178
Average EBITDA margin	70.4%	66.4%	32.6%	69.4%

# Big Yellow Group PLC

## Store Performance

### 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 1.1%. Net achieved rent per sq ft at 31 March 2021 grew by 2.0% over the financial year. At the outset of the pandemic, the Group supported our customers by suspending our existing customer price increase programme for the first four months of the financial year. Additionally, the Group provided assistance discounts to many of our customers, in particular small businesses, who were struggling for cash flow during the initial lockdown. This impacted the level of rental growth that the Group achieved during the year.

The table below shows the growth in closing net rent per sq ft for the portfolio (excluding the three new stores).

Average occupancy in the year	Number of stores	Net rent per sq ft growth from April 2020 to March 2021
0 to 75%	3	2.0%
75 to 80%	8	0.2%
80 to 85%	33	1.6%
Above 85%	31	3.1%

During the first half of the financial year, the billed rent the Group achieved from new move-ins was down 3% on the same period in the prior year. This was due to more promotions being offered, in particular during the first lockdown. Over the second half of the financial year, the billed rent to new move-ins was up 6% on the same period last year, reflecting the higher levels of occupancy and a reduction in promotions. For the year, the billed rent for move-ins was up 2% on the prior year.

### Development pipeline

We opened three new stores during the financial year. Their performance is shown in the table below:

Store	MLA	Opening date	Occupancy at 31 March 2021	EBITDA break even date
Camberwell	75,000 sq ft	July 2020	38%	March 2021
Bracknell	59,000 sq ft	September 2020	40%	March 2021
Battersea	70,000 sq ft	November 2020	26%	April 2021

## Big Yellow Group PLC

### Store Performance

We own a further 14 development sites, of which eight have planning consent. The status of the Group's development pipeline is summarised in the table below:

Site	Location	Status	Anticipated capacity
Uxbridge, London	Prominent location on Oxford Road	Planning consent granted in July 2019. Construction started in June 2020 with a view to opening in June 2021.	54,000 sq ft
Hayes, London	Prominent location on Hayes Road	Planning consent granted in July 2020. Construction commenced in January with a view to opening in early 2022.	73,000 sq ft
Harrow, London	Prominent location on Harrow View	Planning consent granted in November 2020. Construction commenced in May 2021 with a view to opening in Summer 2022.	82,000 sq ft
Hove	Prominent location on Old Shoreham Road	Planning consent granted in October 2019. Construction commenced in Autumn 2020 with a view to opening in Spring 2022.	58,000 sq ft
North Kingston, London	Prominent location on Richmond Road, Ham	Planning consent granted in September 2020. Construction to commence in Summer 2021 with a view to opening in Summer 2022.	56,000 sq ft
Kings Cross, London	Prominent location on York Way	Planning consent granted in October 2020. Construction commenced in early 2021 with a view to opening in Spring 2023.	106,000 sq ft
Wembley, London	Prominent location on Towers Business Park	Planning consent granted in August 2020. Discussions ongoing to secure vacant possession.	70,000 sq ft
Queensbury, London	Prominent location off Honeypot Lane	Site acquired in November 2018. Planning consent granted in November 2019.	58,000 sq ft
Slough	Prominent location on Bath Road	Site acquired in April 2019. Planning application submitted in March 2021.	90,000 sq ft
Staines, London	Prominent location on the Causeway	Site acquired in December 2020. Planning application to be submitted in Autumn 2021.	65,000 sq ft
Epsom, London	Prominent location on East Street	Site acquired in March 2021. Planning application to be submitted in Autumn 2021.	56,000 sq ft
Kentish Town, London	Prominent location on Regis Road	Site acquired in April 2021. Planning application to be submitted in Winter 2021/22.	68,000 sq ft
Wapping, London	Prominent location on the Highway, adjacent to existing Big Yellow store	Site acquired in July 2020. Planning application to be submitted in Autumn 2021.	Additional 95,000 sq ft
Newcastle	Prominent location on Scotswood Road	Planning application submitted in November 2020, awaiting decision.	60,000 sq ft
<b>Total</b>			<b>991,000 sq ft</b>

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

#### Armadillo Self Storage

The Group has a 20% investment in Armadillo Self Storage, with the balance of 80% held by an Australian consortium. The Armadillo platform has 25 stores and 1.1 million sq ft of MLA. Armadillo is a lower-frills brand, with largely freehold conversions of existing buildings. They have an average capacity of 43,000 sq ft (lower than the 63,000 sq ft average for Big Yellow stores). Armadillo provides operational advantages to the Group, such as a wider platform to sell to national customers, more opportunities for recruitment and promotion, and more efficient use of the Company's marketing and central overhead costs. Armadillo continues to look for opportunities in smaller towns and cities to add to its platform.

# Big Yellow Group PLC

## Marketing and Operational Review

### Marketing and ecommerce

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

It was therefore pleasing that our annual YouGov survey (published April 2021) again confirmed that the brand awareness of Big Yellow remained ahead of other UK operators in the sector. The survey shows our unprompted brand awareness to be nearly six times higher than our nearest competitor both in London and across the UK.

The Big Yellow website allows users to browse different room sizes, obtain a price, reserve online and finally check-in online. The online customer experience also features Live Chat allowing customers to communicate with us in real-time via traditional Live Chat and also through WhatsApp and Facebook Messenger. Our popular and comprehensive online FAQs provide our users with another way to ask questions they may have about the service without needing to call us directly.

Over the past year we have developed our digital experience further through a complete redesign of our online check-in platform. This allows customers to complete the majority of their move-in process remotely. For example, they can upload their photo and identity documents, sign the full customer licence, set up authorised persons, complete their storage inventory and set up a paperless Direct Debit – all done remotely. This seamless user experience has drastically cut down the time our customers need to spend in our receptions when they move-in. The final process is completed through our in-store digital signature pads.

Our investment in our online check-in in recent years allowed us to manage enquiries and move-in customers with minimal physical contact since the onset of the pandemic and is there as an option for customers going forward, who for example may wish to send their removal company to the store and deal with everything from home.

We also offer the ability to purchase boxes and packing materials through our online BoxShop store. These can be home delivered or made available for our Click and Collect service from stores. Our online sales in the last 12 months have experienced a significant uplift with the increase in online shopping trends and the impact of many domestic customers working more flexibly.

### Driving online traffic

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

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

Brand search terms are also a valuable driver of enquiries for Big Yellow and help improve the efficiencies of our cost per enquiry. 35% of all traffic generated from search engines to our website originated from “Big Yellow” brand searches in the year.

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

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

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

### Online customer reviews and social media

Supporting our values of putting the customer at the heart of our business, our online customer reviews generate real-time feedback from customers and provide positive word of mouth referral to our website visitors. Through our ‘Big Impressions’ customer feedback programme, we ask our new customers to rate our service. With the users’ permission,

## **Big Yellow Group PLC**

### **Marketing and Operational Review**

we then publish these independent customer reviews on the Big Yellow website which currently total 37,800, averaging 4.8 out of 5.

The Big Impressions programme also generates customer feedback on their move-out experience and from prospects who decided not to store with us. These customer reviews and mystery shop results are transparently accessible across the business and helps reinforce our focus on outstanding customer service.

We also gain real-time customer feedback from over 12,000 Google Reviews averaging 4.6 out of 5. These help to enhance our visibility within local search listings conveying trust in the Big Yellow brand. Additionally, we have over 2,500 reviews from the independent review site TrustPilot. These reviews average a 4.7 out of 5-star rating, labelled as “Excellent” on the TrustPilot ratings scale.

We monitor our customer reviews and respond where necessary for customer service reasons or to manage our online reputation and improve our service offering.

Social media continues to be complementary to our existing marketing channels. Big Yellow actively posts content across Twitter, Facebook and Instagram which help to raise awareness of our CSR activities. These social channels are also used by customers to connect with us and are monitored in real-time, enabling us to respond promptly to any enquiries.

The Big Yellow LinkedIn platform is used to communicate company achievements, CSR initiatives and to present an honest picture of what it is like to work for Big Yellow. It is also 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.

#### **Sustainability**

We have developed a new long-term strategy to become Net Renewable Energy Positive and deliver Net Zero Scope 1 and 2 Emissions targets, which will be funded with significant investment from the Group over the next few years. The main delivery vehicle for this new strategy will be the installation of solar generation capacity onto our existing store estate. By 2025, we expect to have completed a multi-million pound investment in renewable energy generation both on the roofs of our estate and also at other locations.

We will be publishing with our Annual Report in June a standalone Strategy document that sets out our Commitments, Actions and Timelines to become 100% Renewable Energy Positive and Net Zero Scope 1 and 2 Emissions by 2030.

Governance of this ambitious programme has been enhanced during the year through the creation of a Board Sustainability Committee, chaired by Heather Savory, Non-Executive Director.

The sustainability performance highlights for the year are:

- the solar stores generated nearly 18% of their electricity needs;
- onsite solar energy generated versus electricity and gas purchased in the year was 6.7% (2020: 6.1%);
- our absolute energy use and emissions have decreased; this is explained through an increase in solar, a greener grid and through lower customer activity in our stores during the pandemic, particularly during the initial lockdown; and
- our market-based Scope 2 emissions are now zero, thanks to our Renewable Energy Guarantees of Origin (“REGO”) backed 100% renewable electricity from Opus Energy.

#### **Foundation and charitable activities**

The Big Yellow Foundation has adopted a seventh charity partner, Street League, during the year. The Foundation has continued to support our six established charity partners during the year as well as Street League. The Foundation has raised funds of over £220,000 during the year and has paid out nearly £150,000 in grants.

At the end of March 2021, over one third of customers (the average of our move-ins and move-outs) opted to contribute to our Foundation. Initially this level was impacted by the pandemic but has bounced back and now exceeds pre-pandemic levels.

Big Yellow’s community investment for the year, delivered via discounted space, was £334,000, £307,000 of which was given free of charge. Our stores allocate this space to worthy local charitable organisations and not-for-profits and we house different organisations, from foodbanks to small community groups to NHS partners. We accommodated the British Red Cross in 27 locations and the free space to the Red Cross alone was worth just over £37,000.

# Big Yellow Group PLC

## Marketing and Operational Review

### Cyber security and IT infrastructure

Cyber security remains high on the agenda within the Group and we make investment where required in response to the ever-changing threat landscape. Using both external specialists and in-house knowledge we perform regular reviews of our cyber risk and security posture. Testing of both systems and people is carried out on a regular basis, including penetration testing and phishing simulations.

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

Our Infrastructure and Development teams continue to drive innovation and efficiencies throughout the Group. During the pandemic our technology team were able to provide uninterrupted secure access to IT services regardless of the access being required in store, in the office or at home.

### The self storage market opportunity

In the recently published 2021 Self Storage Association UK Survey, only 50% of those surveyed had a reasonable or good awareness of self storage. Furthermore, only 8% of the 2,092 adults surveyed were currently using self storage or were thinking of using self storage in the next year. This indicates a continued opportunity for growth and with increasing use of self storage, together with the ongoing marketing efforts of everyone in the industry, we anticipate awareness will continue to grow.

Self storage is not a commoditised product and awareness is driven largely by businesses and individuals using self storage. Consequently, the increase in awareness over time has been relatively slow, with good awareness of self storage increasing from 38% in 2014 to 50% in 2021 across the UK (source: UK SSA Survey 2021). Our YouGov Survey carried out in April 2021 showed higher levels of awareness in London of 61%.

Occupancy rates across the UK industry at the end of 2020 of built space was 82.3%, compared with approximately 60% in December 2008. This has increased from 76.2% at the end of 2019.

Growth in new facilities across the industry has been largely in regional areas of the UK and particularly in smaller towns. Historically, new supply creation in our core markets in London and the South East, has been difficult, with high land values driven by competing uses such as residential and urban industrial. In London in the year to 31 December 2020, there were five new store openings, including two new Big Yellow stores. We are aware of four planned store openings in London in calendar year 2021, including one Big Yellow store.

The Self Storage Association (“SSA”) estimates that the UK industry is made up of approximately 2,000 self storage facilities (of which 598 are purely container operations), providing 50.6 million sq ft of self storage space, equating to 0.74 sq ft per person in the UK. This compares to 9.4 sq ft per person in the US, 1.9 sq ft per person in Australia and 0.15 sq ft for mainland Europe, where the roll-out of self storage is a more recent phenomenon (sources: UK Self Storage Association Surveys, May 2020 and May 2021 and FEDESSA European Self Storage Annual Survey 2020).

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

### Store operating model

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 67 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 82.9 from customers who moved in and moved out of the business.

The store bonus structure rewards occupancy performance, sales growth and cost control through quarterly targets based on occupancy and store profitability, including the contribution from ancillary sales of insurance, and packing materials.

## **Big Yellow Group PLC**

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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 £38,000 per store, which is included within cost of sales. This excludes our rolling programme of store makeovers, which typically take place every five years, at a cost of approximately £20,000 per store.

#### **Demand**

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

We are confident that 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.

Customers renting storage space whilst moving within the rental or owner-occupied sectors represent 39% of move-ins during the year (2020: 39%), split approximately 60/40 between homeowners and renters (2020: 51/49). 13% of our customers who moved in took storage space as a spare room for decluttering (2020: 12%). 34% of our customers used the product because some event has occurred in their lives generating the need for storage; they may be moving abroad for a job, have inherited possessions, are getting together or separating, are students who need storage during the holidays, or homeowners developing into their lofts or basements (2020: 37%). The balance of 14% of our new customer demand during the year came from businesses (2020: 12%).

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 20% of customer numbers.

Over the past few years, there has been a growing trend towards self-employment and smaller business start-ups in the UK, dynamics that are positive for self storage. Additionally, businesses in the UK have been increasingly seeking flexible office and storage space rather than longer inflexible leases. The current crisis has accelerated the structural changes in retail that were already occurring, resulting in more demand from online retailers looking to trade without a physical high street presence. The deindustrialisation of big cities with the conversion of commercial space into residential and other uses, is also a driver for demand from the SME market seeking flexible warehouse space. We believe that these long-term trends will continue to drive demand for our product.

The Group commissioned an external survey a couple of years ago to assess the value the average Big Yellow store generates for its local economy to assist our discussion with local authorities around planning. Key highlights were:

- the average store is home to 105 different businesses who between them employ 300 people as a direct result of their occupation;
- 60% of the businesses that occupy our stores are start-ups who have never rented space anywhere else before; and
- For over half of the businesses, this is the only space they rent, for others this complements their other space.

Given the growth in homeworking fuelled by the lockdown, this trend of businesses choosing to operate without needing the expense of office space may increase. Furthermore, increased homeworking in general may result in domestic customers taking small rooms to declutter and create space for home offices.

We have a dedicated national customers team for businesses who wish to occupy space in multiple stores. These customers are billed and managed centrally. We have four full time members of staff working on growing and managing our national customers. The national customers team can arrange storage at short notice at any location. In smaller towns where we do not have representation, we have negotiated sub-contract arrangements with other operators who meet certain operating standards.

# Big Yellow Group PLC

## PORTFOLIO SUMMARY – BIG YELLOW STORES

	2021				2020			
	Mature <sup>(1)</sup>	Established	Developing	Total	Mature	Established	Developing	Total
Number of stores	70	2	6	78	70	2	3	75
<b>At 31 March:</b>								
Total capacity (sq ft)	4,457,000	124,000	349,000	4,930,000	4,418,000	124,000	146,000	4,688,000
Occupied space (sq ft)	3,922,000	108,000	171,000	4,201,000	3,627,000	91,000	63,000	3,781,000
Percentage occupied	88.0%	87.1%	49.0%	85.2%	82.1%	73.4%	43.2%	80.7%
Net rent per sq ft	£28.98	£25.32	£24.74	£28.71	£28.32	£23.63	£25.48	£28.15
<b>For the year:</b>								
REVPAF <sup>(2)</sup>	£28.42	£23.73	£12.78	£27.44	£27.39	£21.35	£12.21	£26.77
Average occupancy	85.8%	83.1%	40.4%	83.2%	83.8%	79.8%	35.5%	82.2%
Average annual rent psf	£28.37	£24.08	£24.62	£28.16	£28.03	£22.61	£25.65	£27.86
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Self storage income	108,022	2,491	2,606	113,119	103,767	2,233	1,293	107,293
Other storage related income <sup>(3)</sup>	17,494	441	628	18,563	16,657	404	310	17,371
Ancillary store rental Income	656	10	120	786	580	10	120	710
Total store revenue	126,172	2,942	3,354	132,468	121,004	2,647	1,723	125,374
Direct store operating costs (excluding depreciation)	(35,402)	(988)	(2,253)	(38,643)	(33,930)	(960)	(1,275)	(36,165)
Short and long leasehold rent <sup>(4)</sup>	(1,935)	-	(9)	(1,944)	(1,977)	-	(14)	(1,991)
Store EBITDA <sup>(5)</sup>	88,835	1,954	1,092	91,881	85,097	1,687	434	87,218
Store EBITDA margin	70.4%	66.4%	32.6%	69.4%	70.3%	63.7%	25.2%	69.6%
<b>Deemed cost</b>								
To 31 March 2021	£m	£m	£m	£m				
Capex to complete	-	-	0.4	0.4				
Total	588.6	21.2	80.2	690.0				

- (1) The mature stores have been open for more than six years at 1 April 2020. The established stores have been open for between three and six years at 1 April 2020 and the developing stores have been open for fewer than three years at 1 April 2020.
- (2) See glossary in note 28.
- (3) Insurance, packing materials and other storage related fees.
- (4) Rent for six mature short leasehold properties accounted for as investment properties and right-of-use assets 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 64 freehold mature stores is 72%, and 47% for the six leasehold mature stores.
- (5) The table below reconciles Store EBITDA to gross profit in the statement of comprehensive income.

	Year ended 31 March 2021			Year ended 31 March 2020		
	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 <sup>(6)</sup>	132,468	2,773	135,241	125,374	3,939	129,313
Cost of sales <sup>(7)</sup>	(38,643)	(2,946)	(41,589)	(36,165)	(2,708)	(38,873)
Rent <sup>(8)</sup>	(1,944)	1,944	-	(1,991)	1,991	-
	91,881	1,771	93,652	87,218	3,222	90,440

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

# Big Yellow Group PLC

## PORTFOLIO SUMMARY – ARMADILLO STORES

	2021	2020
Number of stores	25	25
<b>At 31 March:</b>		
Total capacity (sq ft)	1,083,000	1,063,000
Occupied space (sq ft)	908,000	799,000
Percentage occupied	83.8%	75.2%
Net rent per sq ft	£18.38	£17.84
<b>For the year:</b>		
REVPAF	£16.75	£16.04
Average occupancy	79.5%	77.5%
Average annual rent psf	£17.85	£17.55
	<b>£000</b>	<b>£000</b>
Self storage income	15,263	14,195
Other storage related income	2,680	2,502
Ancillary store rental income	59	41
Total store revenue	18,002	16,738
Direct store operating costs (excluding depreciation)	(7,000)	(6,746)
Leasehold rent	(554)	(566)
Store EBITDA <sup>(1)</sup>	10,448	9,426
Store EBITDA margin	58.0%	56.3%
<b>Cumulative capital expenditure</b>		
	<b>£m</b>	
To 31 March 2021	85.7	
To complete	0.2	
Total capital expenditure	85.9	

(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. Note 14e contains more information on the Group's share of Armadillo's financial performance.

# Big Yellow Group PLC

## Financial Review

### Financial results

#### Revenue

Total revenue for the year was £135.2 million, an increase of £5.9 million (4.6%) from £129.3 million in the prior year. Like-for-like store revenue for the year was £131.2 million, an increase of 4.9% from the prior year (2020: £125.1 million). Like-for-like revenue excludes Manchester, which opened in the prior year and Camberwell, Bracknell, and Battersea, which all opened in the current year.

Other sales (included within the above), comprising the selling of insurance, packing materials and storage related charges, represented 14.0% of total store revenue for the year (2020: 13.9%) and generated revenue of £18.6 million for the year compared to £17.4 million in 2020.

The other revenue earned by the Group is management fee income from Armadillo and tenant income on sites where we have not started development. During the prior year, the Group recognised in revenue a £1 million performance fee due from Armadillo Storage Holding Company 2 Limited, for the performance of the fund over its initial five-year term. No performance fees were due in the year ended 31 March 2021.

#### 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 Group did not furlough any employees during the year and did not take any financial assistance from the government.

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

Category	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000	% change	% of store operating costs in 2021
Cost of sales (insurance and packing materials)	3,096	2,791	11%	8%
Staff costs	10,359	9,593	8%	27%
General & admin	1,138	1,255	-9%	3%
Utilities	1,482	1,469	1%	4%
Property rates	12,527	12,022	4%	32%
Marketing	5,394	5,474	-1%	14%
Repairs & maintenance	2,987	2,777	8%	8%
Insurance	970	938	3%	2%
Computer costs	690	638	8%	2%
<b>Total before one-off items</b>	<b>38,643</b>	<b>36,957</b>	<b>4.6%</b>	
One-off items	-	(792)	(100%)	
<b>Total per portfolio summary</b>	<b>38,643</b>	<b>36,165</b>	<b>6.9%</b>	

Store operating costs have increased by £2.5 million (6.9%). There were two one-off items in the prior year: a rates rebate on a store, and a significant backdated utilities recharge to our telecom mast provider, totalling £0.8 million. Store operating costs before these one-off items have increased by £1.7 million (4.6%) compared to the prior year.

The incremental operating costs of the new stores amount to £1.0 million; excluding these new stores and the prior year one-off items, the increase is £0.7 million (1.9%). Cost of sales of insurance and packing materials have increased in line with revenue. Staff costs have increased principally as a result of higher bonuses paid during the year. General and admin expenses have fallen, principally due to less travel during the year, partly offset by expenditure on PPE for our stores and head office. Computer costs are up 8% due to an increased investment in cyber security. Other increases in cost are largely inflationary.

# Big Yellow Group PLC

## Financial Review

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

	<b>Year ended 31 March 2021 £000</b>	<b>Year ended 31 March 2020 £000</b>
Direct store operating costs per portfolio summary (excluding rent)	38,643	36,165
Rent included in cost of sales (total rent payable is included in portfolio summary)	1,272	1,276
Rent review accruals	445	-
Depreciation charged to cost of sales	320	348
Head office and other operational management costs charged to cost of sales	909	1,084
<b>Cost of sales per statement of comprehensive income</b>	<b>41,589</b>	<b>38,873</b>

### Store EBITDA

Store EBITDA for the year was £91.9 million, an increase of £4.7 million (5.4%) from £87.2 million for the year ended 31 March 2020 (see Portfolio Summary). The overall EBITDA margin for all Big Yellow stores decreased slightly to 69.4% (2020: 69.6%); this was due to opening three new stores in the year. The EBITDA margin for the mature and established stores rose year on year.

### Administrative expenses

Administrative expenses in the statement of comprehensive income of £12.2 million were up £1.7 million compared to the prior year. The increase is principally due an increase in the share-based payments charge (£0.6 million), an increase national insurance on LTIPs (£0.5 million), a higher vesting percentage for the Directors' deferred bonus plan in the year and higher annual bonuses to our team (£0.2 million) following the strong trading in the year, with the balance inflationary.

The non-cash share-based payments charge represents £2.9 million of the overall £12.2 million expense.

### Interest expense on bank borrowings

The gross bank interest expense for the year was £9.4 million, a decrease of £1.2 million from the prior year. The average cost of borrowing during the year was 2.9% compared to 2.6% in the prior year. Average debt levels were lower than in the prior year following the placing in April 2020.

Capitalised interest increased by £0.6 million from the prior year, due to the increased construction programme.

Total finance costs in the statement of comprehensive income decreased to £8.2 million from £10.8 million in the prior year.

# Big Yellow Group PLC

## Financial Review

### Profit before tax

The Group made a profit before tax in the year of £265.8 million, compared to a profit of £93.4 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 £74.6 million, up 5.1% from £71.0 million in 2020. There were one-off items in the prior year: a performance fee earned from Armadillo 2 (£1.0 million) and one-off credits in operating costs (£0.8 million – see above). If these are eliminated from the prior year, this year's adjusted profit before tax would have increased 7.8% from that figure.

<b>Profit before tax analysis</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Profit before tax	265,822	93,447
Gain on revaluation of investment properties	(189,277)	(23,193)
Movement in fair value on interest rate derivatives	148	908
Gain on disposal of investment property	-	(57)
Share of associate fair value gains and losses	(2,068)	(107)
Adjusted profit before tax	74,625	70,998

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

	<b>£m</b>
Adjusted profit before tax – year ended 31 March 2020	71.0
Increase in gross profit	3.2
Reduction in net interest payable	1.2
Increase in administrative expenses	(1.7)
Increase in share of adjusted profit of associates	0.3
Increase in capitalised interest	0.6
Adjusted profit before tax – year ended 31 March 2021	74.6

Basic earnings per share for the year was 152.3p (2020: 55.8p) and fully diluted earnings per share was 151.8p (2020: 55.6p). Diluted EPRA earnings per share based on adjusted profit after tax was up 0.7% to 42.4p (2020: 42.1p) (see note 12). The increase in earnings per share is lower than that reported for adjusted profit before tax due to the dilution from the equity placing in April 2020. 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 are 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 £0.6 million. This compares to a charge in the prior year of £0.9 million. The reduction in the current year tax charge reflects higher deductions allowed in the current year for tax purposes from the exercise of share options, and last year's charge included the taxation on the £1 million performance fee earned from Armadillo.

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### Dividends

The Board is recommending the payment of a final dividend of 17.0 pence per share in addition to the interim dividend of 17.0 pence, giving a total dividend for the year of 34.0 pence, an increase of 0.6% 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 32.0 pence per share is payable (31 March 2020: 30.6 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 2021 accounts for 94% of the total dividend. The table below summarises the declared dividend for the year:

<b>Dividend (pence per share)</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Interim dividend – PID	17.0p	17.1p
– discretionary	nil p	nil p
– total	17.0p	17.1p
Final dividend – PID	15.0p	13.5p
– discretionary	2.0p	3.2p
– total	17.0p	16.7p
Total dividend – PID	32.0p	30.6p
– discretionary	2.0p	3.2p
– total	34.0p	33.8p

Subject to approval by shareholders at the Annual General Meeting to be held on 22 July 2021, the final dividend will be paid on 30 July 2021. The ex-div date is 8 July 2021 and the record date is 9 July 2021.

### 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 £76.7 million, an increase of 4.2% from £73.6 million in the prior year.

	<b>Year ended 31 March 2021</b>	<b>Year ended 31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Cash generated from operations	87,131	85,074
Net finance costs	(8,824)	(10,178)
Interest on obligations under lease liabilities	(772)	(820)
Tax	(823)	(461)
<b>Cash flow from operating activities</b>	<b>76,712</b>	<b>73,615</b>
Capital expenditure	(73,010)	(63,748)
Proceeds on disposal of investment property	-	14,105
Investment	(450)	-
Receipt from Capital Goods Scheme	737	1,226
Dividends received from associates	688	649
<b>Cash flow after investing activities</b>	<b>4,677</b>	<b>25,847</b>
Ordinary dividends	(58,808)	(55,706)
Issue of share capital	80,772	853
Payment of lease liabilities	(1,009)	(963)
Loan arrangement fees paid	-	(918)
Drawing of new Aviva loan	-	35,000
(Decrease)/increase in borrowings	(64,728)	29,403
<b>Net cash (outflow)/inflow</b>	<b>(39,096)</b>	<b>33,516</b>
Opening cash and cash equivalents	51,418	17,902
Closing cash and cash equivalents	12,322	51,418
Closing debt	(337,300)	(402,028)
Closing net debt	(324,978)	(350,610)

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In the year capital expenditure outflows were £73.0 million, up from £63.7 million in the prior year. Of the capital expenditure in the year £43.4 million is for the acquisition of Wapping and Staines (including acquisition costs) and an additional parcel of land at Kings Cross, with £29.6 million relating to build costs of the new stores.

The cash flow after investing activities was a net inflow of £4.7 million in the year, compared to an inflow of £25.8 million in 2020, due to higher capital expenditure in the year, and the prior year containing a receipt of £14.1 million from the disposal of investment property.

### Balance sheet

#### Property

The Group's open stores and stores under development owned at 31 March 2021, which are classified as investment properties, have been valued individually by CBRE. The external valuation has resulted in an investment property asset value of £1,785.5 million, comprising £1,590.9 million (89%) for the freehold (including three long leaseholds) open stores, £31.1 million (2%) for the short leasehold open stores and £163.5 million (9%) for the freehold investment properties under construction.

#### Investment property

The valuations in the current year have increased significantly from the prior year, with a revaluation surplus of £189.1 million arising on the open Big Yellow stores (see note 15 for the detailed valuation methodology). This revaluation gain has been driven by a combination of cap rate compression and an improvement in the cash flow and operating metrics used in the valuation. This is reflective of the performance of both self storage generally and Big Yellow during the past 12 months.

The average exit capitalisation rate used in the valuations was 5.7% in the current year, compared to 6.1% in the prior year, with the discount rate 8.7% compared to 9.3% in 2020. The increase in value compared to the prior year is due to a combination of the reduction in cap rates and changes to the operating assumptions adopted in the valuations. 45% of the value improvement can be attributed to the cap rate reductions, and the balance of 55% due to the improvements in cash flow and the operating assumptions.

The valuation is based on an average occupancy over the 10-year cash flow period of 86.1% across the whole portfolio.

	Mature		Established	Developing	
	Leasehold	Freehold	Freehold	Freehold	Total
Number of stores	6	64	2	6	78
MLA capacity (sq ft)	339,000	4,118,000	124,000	349,000	4,930,000
Valuation at 31 March 2021 (£m)	£31.1m	£1,429.3m	£33.9m	£127.7m	£1,622.0m
Value per sq ft	£92	£347	£273	£366	£329
Occupancy at 31 March 2021	85.9%	88.2%	87.1%	49.0%	85.2%
Stabilised occupancy assumed	85.7%	86.9%	86.5%	85.4%	86.7%
Net initial yield pre-admin expenses	14.1%	6.0%	6.2%	2.4%	5.9%

The initial yield pre-administration expenses assuming no rental growth is 5.9% (2020: 6.1%). The stores are assumed to grow to stabilised occupancy in 9 months on average. Note 15 contains more detail on the assumptions underpinning the valuations.

#### Investment property under construction

The investment property under construction valuation has increased by £27.2 million in the year. Capital expenditure accounts for £63.2 million of this increase, notably on the site purchases discussed above, and construction expenditure, principally on Camberwell, Bracknell, and Uxbridge (Battersea remained in investment property following the original store's closure for redevelopment in March 2019). This has been offset by Camberwell and Bracknell transferring to open stores. The valuation movement on the investment property under construction was a small surplus of £0.1 million.

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### *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 2021 of £1,895.0 million (£109.4 million higher than the value recorded in the financial statements). With the share of uplift on the revaluation of the Armadillo stores (£1.0 million), this translates to 62.7 pence per share. This revised valuation translates into an adjusted net asset value per share of 889.2 pence (2020: 760.9 pence after adjusting for the placing) after the dilutive effect of outstanding share options.

### Receivables

As of 24 May, we have collected 98.9% of our April revenue. The Group's bad debt expense in the year represented 0.1% of revenue compared to 0.2% in the prior year, a pleasing result reflective of the make-up of our customer base, with 82% paying by direct debit and perhaps also our ability to contact customers at home with more time on their hands to deal with their admin tasks.

At 31 March 2021 we have a receivable of £0.7 million in respect of payments due back to the Group under the Capital Goods Scheme, as a consequence of the introduction of VAT on self storage from 1 October 2012. The receivable relates to VAT to be recovered on historic store development expenditure. The Group has received £15.1 million to date under the Scheme, of which £0.7 million was received in the year.

### Net asset value

The adjusted net asset value is 889.2 pence per share (see note 13), up 17% from 760.9 pence per share at 31 March 2020 (after adjusting for the April 2020 share placing). The table below reconciles the movement:

<b>Movement in adjusted net asset value</b>	<b>£m</b>	<b>Adjusted NAV pence per share</b>
31 March 2020	1,257.2	751.0
Share placing	79.9	9.9
31 March 2020 (rebased)	1,337.1	760.9
Adjusted profit after tax	74.0	42.0
Equity dividends paid	(58.8)	(33.4)
Revaluation movements (including share of associate)	191.8	108.9
Movement in purchaser's cost adjustment	18.6	10.6
Other movements (e.g. share schemes)	3.9	0.2
31 March 2021	1,566.6	889.2

### Borrowings

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

The Group has committed undrawn bank facilities of £87.5 million, which if drawn would carry a current marginal cost of debt of approximately 1.35%. The Group also has an option to increase the amount of revolving loan by a further £30 million during the loan's term.

In March 2020, the Group agreed a seven-year debt facility with Aviva of £35 million at an all-in cost of 1.96%, secured over the existing Aviva security pool of 15 stores. The all-in cost of this loan has subsequently reduced to 1.91% following the installation of 50 kWp capacity solar panels at three of the stores, as agreed with Aviva on drawing the loan. The total debt facilities from Aviva are currently £114.8 million of which £19.8 million amortises down to nil over the remaining seven years of the loan.

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The table below summarises the Group's debt facilities at 31 March 2021. The average cost of debt is 2.6% (March 2020: 2.5%).

Debt	Expiry	Facility	Drawn	Average interest cost
Aviva Loan	April 2027	£114.8 million	£114.8 million	4.0%
M&G loan	June 2023	£70 million	£70 million	3.0%
Bank loan	October 2024	£240 million	£152.5 million	1.7%
<b>Total</b>	Average term 4.4 years	£424.8 million	£337.3 million	2.6%

The Group was comfortably in compliance with its banking covenants at 31 March 2021. Further details of the Group's covenants are provided in note 19 of the accounts. For the year we had Group interest cover of 9.9 times (2020: 8.3 times) based on pre-interest operating cash flow against interest paid. The net debt to gross property assets ratio is 18% (2020: 23%) and the net debt to adjusted net assets ratio (see net asset value section above) is 21% (2020: 28%).

At 31 March 2021, the fair value on the Group's interest rate derivatives was a liability of £0.5 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 £17.6 million at 31 March 2021 (2020: £16.7 million), consisting of 175,880,470 ordinary shares of 10p each (2020: 167,138,527 shares). 8.3 million shares were issued in April 2020 in a placing to raise funds to grow our development pipeline. 0.4 million shares were issued for the exercise of options during the year at an average exercise price of 1,064p (2020: 0.5 million shares at an average price of 988p).

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.

	2021 No.	2020 No.
Opening shares	167,138,527	166,665,158
Shares issued in placing	8,335,043	-
Shares issued for the exercise of options	406,900	473,369
Closing shares in issue	175,880,470	167,138,527
Shares held in EBT	(1,122,907)	(1,122,907)
Closing shares for NAV purposes	174,757,563	166,015,620

86.8 million shares were traded in the market during the year ended 31 March 2021 (2020: 80.3 million). The average mid-market price of shares traded during the year was 1,064p with a high of 1,181p and a low of 915p.

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### 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 investments are Limited companies, but the Group does also refer to them as Partnerships in these financial statements.

The occupancy of the Armadillo stores at 31 March 2021 was 908,000 sq ft on an MLA of 1,083,000, representing 83.8% (31 March 2020: 75.2%). The net rent achieved at 31 March 2021 by the Armadillo stores is £18.38 per sq ft, an increase of 3.0% from the same time last year. Revenue increased by 7.6% to £18.0 million for the year to 31 March 2021 (2020: £16.7 million); the like-for-like increase in revenue (adjusted for stores acquired in the prior year) was 6.4%.

The Armadillo Partnerships made a combined operating profit of £8.6 million in the year, of which Big Yellow's share is £1.7 million. After net interest costs, the revaluation of investment properties (valued by Jones Lang LaSalle) which produced a surplus of £12.8 million in the year, deferred tax on the revaluation surplus and movement in interest rate derivatives, the profit for the year was £15.7 million, of which the Group's share was £3.1 million.

Big Yellow has a management contract in place in each Partnership. For the year to 31 March 2021 the Group earned management fees of £1.4 million. The Group's share of the dividend for the year is £0.7 million, representing a 15% yield on our equity invested.

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### 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

#### Self storage market risk

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.

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.

Our performance during the Covid pandemic has been resilient. We believe that the resilience of our performance is due to a combination of factors including:

- a prime portfolio of freehold properties;
- a focus on London and the South East and other large metropolitan cities, where the drivers in the self storage market are at their strongest and the barriers to competition are at their highest;
- the strength of operational and sales management;
- continuing innovation to deliver the highest levels of customer service;
- delivering on our strong ESG commitments;
- the UK's leading self storage brand, with high and growing public awareness and online strength; and
- strong cash flow generation and high operating margins, from a secure capital structure.

We have a large current storage customer base of approximately 62,000 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

The Covid-19 pandemic caused a significant contraction in economic growth for the UK for 2020.

The roll-out of vaccines has provided some hope of a return to more normal economic conditions, however risks around new variants remain. Governments around the world have taken on significant additional debt to fund the policy responses to the pandemic, and this may result in higher taxation rates in the future.

The market risk has reduced since the same time last year given the performance of the business over the past 12 months and the vaccine roll-out.

The uncertainty that we faced last year associated with the UK's exit from the EU and whether a trade deal would be agreed, has reduced. The uncertainty in the run up to Brexit had impacted consumer behaviour, which caused lower occupancy growth for the Group in the year ended March 2021.

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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.

### Property risk

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.

Changing climate and resulting likely changes to planning restrictions will narrow choice of available sites further.

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.

Planning approval increasingly dependent on Social or Environmental enhanced features (e.g. social enterprise at Battersea, BREEAM standards, local planners demands for green spaces) – adding cost and complexity.

### Valuation risk

The valuation of the Group's investment properties may fall due to external pressures or the impact of performance.

Lack of transactional evidence in the self storage sector leads to more subjective valuations.

Our management has significant experience in the property industry generated over many years and in particular acquiring property on main roads in high profile locations and obtaining planning consents. We do take planning risk where necessary, although the availability of land, and competition for it makes acquiring new sites challenging.

Our in-house development team and our professional advisers have significant experience in obtaining planning consents for self storage centres.

We manage the construction of our properties very tightly. The building of each site is handled through a design and build contract, with the fit-out project managed in-house using an established professional team of external advisers and sub-contractors who have worked with us for many years to our Big Yellow specification. We carried out an external benchmarking of our construction costs and tendering programme three years ago, which had satisfactory results.

The valuations are carried out by independent, qualified external valuers who have significant experience in the UK self storage industry.

The portfolio is diverse with approximately 62,000 customers currently using our stores for a wide variety of reasons.

There is significant headroom on our loan to value banking covenants.

The Group has acquired seven sites over the past couple of years, taking its total pipeline to 14 sites which, when opened, would expand the Group's current MLA by 20%.

The planning process remains difficult and to achieve a planning consent can take anything from eighteen months to three years. Local planning policy is favouring residential development over other uses, and we don't expect this to change given the shortage of housing in the UK.

The pandemic meant in-person planning committee meetings were suspended, which initially caused a delay in the Group receiving planning consents. Over recent months, the planning process has returned to more normal timescales.

We currently have planning consent on 8 of the 14 development sites.

The revaluation surplus on the Group's open store investment properties was £189.1 million in the year (an uplift of 13%), principally due to an improvement in underlying cash flows used in the valuations, coupled with cap rate improvement.

There have been portfolio transactions since the onset of the pandemic, and there is institutional money looking to invest in self storage. At the prior year end, the valuation risk was higher in the early

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### Treasury risk

The Group may face increased costs from adverse interest rate movements.

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.

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 have a fixed rate loan in place from Aviva Commercial Finance Limited, with seven years remaining. This loan was increased by £35 million in March 2020. Our on-site solar generation plans helped us in securing a lower margin on this tranche of debt.

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 2021 53% 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.

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.

stages of the pandemic, and the valuers drew attention in their prior year report to material valuation uncertainty. There is no such clause in this year's valuations.

The Bank of England base rate was reduced to 10bps in March 2020, and the long-term forecast is for rates to remain at low levels for the foreseeable future. A significant proportion of the Group's debt is floating, and hence the Group has benefited from this reduction in base rate.

Debt providers currently remain supportive to companies with a strong capital structure, as evidenced by the Group completing on the loan from Aviva after the pandemic started. That said, the current environment has put pressure on banks' margins, with a potential future increase in cost to the Group.

The Group's interest cover ratio for the year ended 31 March 2021 was 9.9 times, comfortably ahead of our internal target of 5 times and ahead of our banking covenants, as disclosed in note 19.

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### Tax and regulatory risk

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.

The Group is exposed to potential tax penalties or loss of its REIT status by failing to comply with the REIT legislation.

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.

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.

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.

The Group experienced an increase in cost in 2017 following the Government’s review of business rates, and the next rating review due in 2023 may bring additional cost to the Group, given the rise in industrial rents over the past few years.

The corporation tax rate was increased in the March 2021 budget, and there is a risk that tax rates will rise further in the medium-term to fund the increased government deficits that have arisen from the policy response to the pandemic.

### Human resources risk

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.

We have developed a professional, lively, and enjoyable working environment and believe our success stems from attracting and retaining the right people. We encourage all our staff to build on their skills through appropriate training and regular performance reviews. We believe in an accessible and open culture and everyone at all levels is encouraged to review and challenge accepted norms, to contribute to the performance of the Group.

We were ranked in the Sunday Times 100 Best Companies to Work For survey in February 2019 (the last time the Group participated in the survey), showing strong levels of engagement from our employees.

The Group carried out an engagement survey of its employees during the prior year, which showed very pleasing results of the level of engagement of our teams.

We have consulted regularly with our employees during the year through a series of pulse surveys to listen to their views. Our staff turnover was at its lowest level for a number of years in 2021.

### Brand and reputation risk

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,

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.

During 2018, we developed a crisis response plan with external consultants to ensure the Group is well placed to deal with a major incident more effectively.

During the prior year, we carried out an exercise to

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including the risk of a data breach.

We also invest in cyber security (discussed below), and make an ongoing investment in staff training, facilities management, and the maintenance of our stores.

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.

We maintain regular communication with our key stakeholders, customers, employees, shareholders, and debt providers.

stress-test the crisis response plan with a scenario based on a disaster at one of the Group's stores.

We have explained in the Operational and Marketing Review how we have reacted operationally to the Covid-19 pandemic and ensured our staff and customers remain safe.

### Security risk

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.

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.

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.

We have continued to run courses for all our staff to enhance the awareness and effectiveness of our procedures in relation to security.

We regularly review and implement improvements to our security processes and procedures.

### Cyber risk

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.

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.

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 don't consider the risk to have increased more for the Group than any other business; however, we consider that the threats in the entire digital landscape do continue to increase and evolve. As such we have continued to invest in cyber security upgrading or replacing components as required.

### Climate change related risk

The Group is exposed to climate-change related

The good working order of our stores is of critical importance to our business model.

Our newly established Sustainability Committee, chaired by a Non-Executive

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transition and physical risks. Physical risks may affect the Group's stores and may result in higher maintenance and repair costs. Failing to transition to a low carbon economy may cause an increase in taxation, decrease in access to loan facilities and reputational damage

We visually inspect each of our stores at least once per annum and planned and unplanned work is discussed immediately.

Maintenance requirements are discussed at budget reviews; proposals are made to raise climate change related issues to the Board, who may request more holistic adaptation work to be carried out.

The key mitigation strategy to address transitional risks is the delivery of the newly launched Net Renewable Energy Positive Strategy and the Net Zero Scope 1 and Scope 2 Emissions Strategy. Our investment to decarbonise our business over the next nine years is expected to mitigate fully against taxation (carbon tax) risk and reputational risks (both investors and customers).

Director, has delivered an ambitious strategic plan to 2030.

We appreciate that both physical and transition risks are expected to materialise to lesser or greater extents over the coming years and costs may go up gradually, hidden within what may be perceived as 'natural variations'. Our focus and strong governance established during the year will allow us to continue to mitigate the effects.

### Internal audit

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

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

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

### GOING CONCERN

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

At 31 March 2021 the Group had available liquidity of approximately £100 million, from a combination of cash and undrawn bank debt facilities. The Group is cash generative and for the year ended 31 March 2021, had operational cash flow of £76.7 million, with capital commitments at the balance sheet date of £17.3 million.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements, taking into account the Group's operating plan and budget for the year ending 31 March 2022 and projections contained in the longer-term business plan which cover the period to March 2025. After reviewing these projected cash flows together with the Group's and Company's cash balances, borrowing facilities and covenant requirements, and potential property valuation movements over that period, the Directors believe

# Big Yellow Group PLC

## Financial Review

that, taking account of severe but plausible downsides, the Group and Company will have sufficient funds to meet their liabilities as they fall due for that period.

In making their assessment, the Directors have carefully considered the outlook for the Group's trading performance and cash flows as a result of the economic shock brought on by the Covid-19 pandemic, taking into account the trading performance of the Group from the onset of the pandemic to the date of these financial statements. The Directors have also taken into account the performance of the business during the Global Financial Crisis. The Directors modelled a number of different scenarios, including material reductions in the Group's occupancy rates and property valuations, and assessed the impact of these scenarios against the Group's liquidity and the Group's banking covenants. The scenarios considered did not lead to breaching any of the banking covenants, and the Group retained sufficient liquidity to meet its financial obligations as they fall due.

Consequently, the Directors continue to adopt the going concern basis in preparing the financial statements.

### VIABILITY STATEMENT

The Directors have assessed the Group's viability over a four-year period to March 2025. This period is selected based on the Group's long-term strategic plan to give greater certainty over the forecasting assumptions used. As in the assessment of going concern, the Directors have modelled a number of different scenarios on the Group's future prospects.

In making their assessment, the Directors took account of the Group's current financial position, including committed capital expenditure. The Directors carried out a robust assessment of the principal risks and uncertainties facing the business, their potential financial impact on the Group's cash flows, REIT compliance and financial covenants and the likely effectiveness of the mitigating options detailed. The Directors have assumed that funding for the business in the form of equity, bank and insurance company debt will be available in all reasonably plausible market conditions. Whilst the eventual impact of Covid-19 on the Group is uncertain, and may not be known for some time, the Group has a highly cash generative business, good liquidity and has proved resilient in its trading since the onset of the pandemic.

Based on this assessment the Directors have a reasonable expectation that the Company and the Group will be able to continue operating and meeting all their liabilities as they fall due to March 2025.

# Big Yellow Group PLC

## Strategy and Investment Case

### Our Strategy

#### *Brand, platform, and customer service*

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

#### *Creating shareholder value*

We continue to believe that the medium-term opportunity to create shareholder value consists of driving revenue and cash flow from our existing portfolio through continued investment in sustainability, our people, culture, and digital operating and marketing platforms. In addition, we aim to deliver external growth as new stores open through continued investment in our development pipeline. As a REIT our key financial objective is to produce sustainable returns for shareholders through a relatively low leverage, low volatility, high distribution business. In addition, any successful business must have an effective sustainability strategy, particularly around climate change, and this continues to be a key strategic focus for our business.

We focus on the following key areas:

- leveraging our market-leading brand position to generate new prospects, principally from our digital, mobile and desktop platforms;
- focusing on training, selling skills, and customer satisfaction to maximise prospect conversion and referrals;
- growing occupancy and net rent to drive revenue optimally at each store;
- maintaining a focus on cost control, so revenue growth is transmitted through to earnings growth;
- 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;
- selectively acquiring existing self storage assets into the Armadillo platform;
- through our corporate social responsibility initiatives, aim to create a more sustainable business which will increase shareholder and customer value in both the medium and long-term;
- maintaining Big Yellow's culture as an accessible, apolitical, inclusive, non-hierarchical, socially responsible, and enjoyable place to work; and
- maintaining a conservative capital structure in the business with Group interest cover of a minimum of five times.

### Real estate

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

Approximately two thirds 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 82%. Our store development pipeline is largely in London and the South East, so we expect to maintain this geographic focus over the medium term.

New supply and competition is a key risk to our business model, hence our focus on London and its commuter towns, where barriers to entry in terms of competition for land and difficulty around obtaining planning are highest. We continue to see limited new supply growth in our key areas of operation. Looking back over the last five years, we estimate capacity growth in London of approximately 1.5% per annum. In 2020, there have been only five store openings in London (including two Big Yellow stores), and we anticipate four new stores in London in 2021, including one Big Yellow store opening in Uxbridge.

Since April 2020, we have acquired four development sites in Wapping, Staines, Epsom, and Kentish Town (all London), with a total estimated self storage development cost of £106 million. This increases our pipeline to 14 freehold development opportunities, totalling approximately 1.0 million sq ft (20% of MLA).

# Big Yellow Group PLC

## Strategy and Investment Case

Our Big Yellow stores are on average 63,000 sq ft, compared to an industry average of approximately 44,000 sq ft (source: UK Self Storage Association 2021 Annual Survey). The upside from filling our larger than average sized stores is, in our view, only possible in large metropolitan markets. As our operating costs are relatively fixed, larger stores in bigger urban conurbations, particularly London, drive higher revenues and higher operating margins.

### *Capital structure*

Following the Global Financial Crisis and the ensuing economic recession, we have materially reduced the financial risk within the business and diversified our sources of debt, whilst at the same time, increasing our store platform by deploying significant capital investment. We measure leverage by looking at our interest cover and that has increased from 1.9 times in 2008 to 9.9 times for the year ended 31 March 2021. Our objective is to not let this fall below 5 times, compared to the consolidated EBITDA covenant of 1.5 times. We manage this business on the basis that an external economic shock could potentially happen at any time. This is reinforced by the performance of the business through the current crisis, where we have delivered a strong trading performance whilst at the same time continuing to invest and expand.

### *Self storage demand drivers*

Economic activity and change are key drivers of self storage demand and are greatest in the larger urban conurbations, and in particular London and the South East. The structural changes consisting of the conversion of ex-industrial brownfield land to other uses, in particular residential; the reduction in home ownership and increased proportion of those choosing to rent; increasing density of living with new properties being built with optimised living space and very little provision for storage; will continue and are resulting in increased demand for our product. These changes have resulted in a significant shortage of available warehousing space, particularly in London, which has been accentuated by the current crisis. Self storage provides a convenient flexible solution to businesses such as online retailers, importers and exporters, service providers, the public sector, and marketing companies looking for mini-warehousing space.

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

### *Resilience*

The location of our stores, brand, security, and most importantly customer service, together with the diversity of our 62,000 customers, serve better than any lease contract in providing income security.

The business proved to be relatively resilient, but not immune during the Global Financial Crisis and recession of 2007 to 2009, with London and the South East proving to be less volatile. During the current crisis the business has performed strongly with like-for-like occupancy growth of 6.7 ppts during the financial year ended 31 March 2021.

Over 80% of our customers pay by direct debit, and our cash collection has remained robust throughout the pandemic, with 98.9% of our April revenue collected as of 24 May.

### **Total shareholder return**

In the twenty one years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return (“TSR”), including dividends reinvested, of 14.7% per annum, in aggregate 1,671% at the closing price of 1,115p on 31 March 2021. This compares to 5.6% per annum for the FTSE Real Estate Index and 4.7% 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.

# Big Yellow Group PLC

## Strategy and Investment Case

### Our investment case

<b>Attractive market dynamics</b>	<ul style="list-style-type: none"> <li>• UK self storage penetration in key urban conurbations remains relatively low</li> <li>• Limited new supply coming onto the market</li> <li>• Resilient through the last economic downturn and resilient to date in the current crisis</li> <li>• Self storage is more part of the ecosystem today than it was in 2008 with increased domestic and business awareness</li> </ul>
<b>Our competitive advantage</b>	<ul style="list-style-type: none"> <li>• UK industry's most recognised brand with over 90% of enquiries now online</li> <li>• Prominent stores on arterial or main roads, with extensive frontage and high visibility</li> <li>• Continuous innovation and investment into our mobile and desktop digital channels</li> <li>• Strong customer satisfaction and NPS scores reflecting excellent customer service</li> <li>• 6.0 million sq ft UK footprint (Big Yellow and Armadillo combined)</li> <li>• Primarily freehold estate concentrated in London and South East and other large metropolitan cities</li> <li>• Larger average store capacity – economies of scale, higher operating margins</li> <li>• Secure financing structure with strong balance sheet</li> <li>• Continued significant investment in sustainability and our culture</li> </ul>
<b>Evergreen income streams</b>	<ul style="list-style-type: none"> <li>• 62,000 customers from a diverse base – individuals, SMEs, and national customers</li> <li>• Average length of stay for existing customers of 27 months</li> <li>• 35% of customers in stores greater than two-year length of stay</li> <li>• Low bad debt expense (0.1% of revenue in the year), no deterioration since onset of current crisis</li> </ul>
<b>Strong growth opportunities</b>	<ul style="list-style-type: none"> <li>• Opportunities to drive further occupancy growth</li> <li>• Yield management as occupancy increases</li> <li>• Densification of living and scarcity of flexible business warehouse space drives demand</li> <li>• Growth in national customers and business customer base</li> <li>• Increasing the platform with a conservative capital structure</li> <li>• Growth in our Armadillo platform</li> </ul>
<b>Conversion into quality returns</b>	<ul style="list-style-type: none"> <li>• Freehold assets for high operating margins and operational advantage</li> <li>• Low technology and obsolescence product, maintenance capex fully expensed</li> <li>• Annual compound adjusted eps growth of 14% since 2004/5 (IFRS adoption)</li> <li>• Annual compound cash flow growth of 14% since 2004/5</li> <li>• Dividend pay-out ratio of 80% of adjusted eps</li> </ul>

# Big Yellow Group PLC

## Consolidated Statement of Comprehensive Income Year ended 31 March 2021

	Note	2021 £000	2020 £000
<b>Revenue</b>	3	135,241	129,313
Cost of sales		(41,589)	(38,873)
<b>Gross profit</b>		<u>93,652</u>	<u>90,440</u>
Administrative expenses		(12,159)	(10,462)
<b>Operating profit before gains on property assets</b>		<u>81,493</u>	<u>79,978</u>
Gain on the revaluation of investment properties	14a,15	189,277	23,193
Gain on disposal of investment property	14a	-	57
<b>Operating profit</b>		<u>270,770</u>	<u>103,228</u>
Share of profit of associates	14e	3,148	856
Investment income – interest receivable	7	69	114
Finance costs – interest payable	8	(8,017)	(9,843)
– fair value movement on derivatives	8	(148)	(908)
<b>Profit before taxation</b>		<u>265,822</u>	<u>93,447</u>
Taxation	9	(636)	(871)
<b>Profit for the year (attributable to equity shareholders)</b>	5	<u>265,186</u>	<u>92,576</u>
<b>Total comprehensive income for the year (attributable to equity shareholders)</b>		<u>265,186</u>	<u>92,576</u>
<b>Basic earnings per share</b>	12	<u>152.3p</u>	<u>55.8p</u>
<b>Diluted earnings per share</b>	12	<u>151.8p</u>	<u>55.6p</u>

EPRA earnings per share are shown in Note 12.

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

The accompanying notes form part of the financial statements.

# Big Yellow Group PLC

## Consolidated Balance Sheet 31 March 2021

	Note	2021 £000	2020 £000
<b>Non-current assets</b>			
Investment property	14a	1,621,990	1,385,120
Investment property under construction	14a	163,537	136,299
Right-of-use assets	14a	16,644	17,829
Plant, equipment, and owner-occupied property	14b	3,910	4,008
Intangible assets	14c	1,433	1,433
Investment	14d	450	-
Investment in associates	14e	13,720	11,260
Capital Goods Scheme receivable	16	163	660
		<u>1,821,847</u>	<u>1,556,609</u>
<b>Current assets</b>			
Inventories		366	412
Trade and other receivables	16	7,764	7,882
Cash and cash equivalents		12,322	51,418
		<u>20,452</u>	<u>59,712</u>
<b>Total assets</b>		<u>1,842,299</u>	<u>1,616,321</u>
<b>Current liabilities</b>			
Trade and other payables	17	(34,563)	(33,446)
Borrowings	19	(2,865)	(2,728)
Obligations under lease liabilities	21	(1,751)	(1,751)
		<u>(39,179)</u>	<u>(37,925)</u>
<b>Non-current liabilities</b>			
Derivative financial instruments	18c	(475)	(327)
Borrowings	19	(332,573)	(397,007)
Obligations under lease liabilities	21	(16,177)	(17,186)
		<u>(349,225)</u>	<u>(414,520)</u>
<b>Total liabilities</b>		<u>(388,404)</u>	<u>(452,445)</u>
<b>Net assets</b>		<u>1,453,895</u>	<u>1,163,876</u>
<b>Equity</b>			
Share capital	22	17,588	16,714
Share premium account		192,218	112,320
Reserves		1,244,089	1,034,842
<b>Equity shareholders' funds</b>		<u>1,453,895</u>	<u>1,163,876</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 May 2021. They were signed on its behalf by:

Jim Gibson, Director

John Trotman, Director

**Company Registration No. 03625199**

The accompanying notes form part of the financial statements.

# Big Yellow Group PLC

## Consolidated Statement of Changes in Equity

### Year ended 31 March 2021

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2020	16,714	112,320	74,950	1,795	959,116	(1,019)	1,163,876
Total comprehensive income for the year	-	-	-	-	265,186	-	265,186
Issue of share capital	874	79,898	-	-	-	-	80,772
Dividend	-	-	-	-	(58,808)	-	(58,808)
Credit to equity for equity-settled share-based payments	-	-	-	-	2,869	-	2,869
At 31 March 2021	17,588	192,218	74,950	1,795	1,168,363	(1,019)	1,453,895

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

The issue of share capital is net of expenses.

### Year ended 31 March 2020

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2019	16,667	111,514	74,950	1,795	919,990	(1,019)	1,123,897
Total comprehensive income for the year	-	-	-	-	92,576	-	92,576
Issue of share capital	47	806	-	-	-	-	853
Dividend	-	-	-	-	(55,706)	-	(55,706)
Credit to equity for equity-settled share-based payments	-	-	-	-	2,256	-	2,256
At 31 March 2020	16,714	112,320	74,950	1,795	959,116	(1,019)	1,163,876

The accompanying notes form part of the financial statements.

# Big Yellow Group PLC

## Consolidated Cash Flow Statement Year ended 31 March 2021

	Note	2021 £000	2020 £000
<b>Cash generated from operations</b>			
Bank interest paid	26	87,131	85,074
Interest on obligations under lease liabilities		(8,850)	(10,211)
Interest received		(772)	(820)
Tax paid		26	33
		(823)	(461)
<b>Cash flows from operating activities</b>		<u>76,712</u>	<u>73,615</u>
<b>Investing activities</b>			
Purchase of non-current assets		(73,010)	(63,748)
Proceeds on disposal of investment property		-	14,105
Investment	14d	(450)	-
Receipts from Capital Goods Scheme		737	1,226
Dividend received from associates	14e	688	649
<b>Cash flows from investing activities</b>		<u>(72,035)</u>	<u>(47,768)</u>
<b>Financing activities</b>			
Issue of share capital		80,772	853
Payment of lease liabilities		(1,009)	(962)
Equity dividends paid	11	(58,808)	(55,706)
Loan arrangement fees paid		-	(919)
Drawing of new Aviva loan		-	35,000
(Decrease)/increase in borrowings		(64,728)	29,403
<b>Cash flows from financing activities</b>		<u>(43,773)</u>	<u>7,669</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(39,096)	33,516
<b>Opening cash and cash equivalents</b>		51,418	17,902
<b>Closing cash and cash equivalents</b>		<u>12,322</u>	<u>51,418</u>

The accompanying notes form part of the financial statements.

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 1. GENERAL INFORMATION

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

### 2. BASIS OF PREPARATION

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2021 or 2020 but is derived from those accounts. Statutory accounts for 2020 have been delivered to the registrar of companies, and those for 2021 will be delivered in due course. The auditor has reported on those accounts; their report for the year ended 31 March 2021 (i) was unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006; their report for the year ended 31 March 2020 (i) was unqualified, (ii) included reference to a matter to which the auditor drew attention by way of emphasis without qualifying their report in respect of the material valuation uncertainty relating to uncertain valuation of investment property, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The statutory accounts have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. In addition, the Group statutory accounts are required under the UK Disclosure Transparency Rules 4.1.5, the financial statements have been prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Group has applied all relevant accounting standards which have been endorsed by the International Accounting Standards Board and have been applied consistently year on year.

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 3. REVENUE

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

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Open stores</b>		
Self storage income	113,119	107,293
Insurance income	14,517	13,432
Packing materials income	2,771	2,505
Other income from storage customers	1,275	1,434
Ancillary store rental income	786	710
	<hr/>	<hr/>
	132,468	125,374
<b>Other revenue</b>		
Non-storage income	1,420	1,706
Management fees earned	1,353	2,233
	<hr/>	<hr/>
<b>Total revenue</b>	135,241	129,313

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

### 4. SEGMENTAL INFORMATION

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

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

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 5. PROFIT FOR THE YEAR

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

	Note	2021 £000	2020 £000
Depreciation of plant, equipment, and owner-occupied property	14b	803	783
Depreciation of interest in leasehold properties		1,272	1,198
Gain on the revaluation of investment property		(189,277)	(23,193)
Profit on disposal of investment property		-	(57)
Cost of inventories recognised as an expense		1,189	1,021
Employee costs (see note 6)		19,769	17,292
Operating lease rentals		4	5

b) Analysis of auditor's remuneration:

	2021 £000	2020 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	227	223
Fees payable to the Company's auditor for the subsidiaries' annual accounts	36	33
Total audit fees	263	256
Audit related assurance services - interim review	42	35
Total non-audit fees	42	35

Fees payable to KPMG LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis. Fees charged by KPMG LLP to the Group's associates, Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited in the year amounted to £80,000 (2020: £67,000) which all related to statutory financial statement audit services.

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 6. EMPLOYEE COSTS

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Sales	310	304
Administration	60	57
	<hr/>	<hr/>
	370	361

At 31 March 2021 the total number of Group employees was 412 (2020: 405).

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Their aggregate remuneration comprised:		
Wages and salaries	13,935	12,741
Social security costs	2,291	1,681
Other pension costs	674	614
Share-based payments	2,869	2,256
	<hr/>	<hr/>
	19,769	17,292

### 7. INVESTMENT INCOME

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Bank interest receivable	26	33
Unwinding of discount on Capital Goods Scheme receivable	43	81
<b>Total investment income</b>	<hr/>	<hr/>
	69	114

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 8. FINANCE COSTS

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interest on bank borrowings	9,380	10,579
Capitalised interest	(2,135)	(1,556)
Interest on obligations under lease liabilities	772	820
Total interest payable	<u>8,017</u>	<u>9,843</u>
Fair value movement on derivatives	148	908
Total finance costs	<u>8,165</u>	<u>10,751</u>

### 9. TAXATION

The Group converted to a REIT in January 2007. As a result, the Group does not pay UK corporation tax on the profits and gains from its qualifying rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains of the Group are subject to corporation tax as normal. The Group monitors its compliance with the REIT conditions. There have been no breaches of the conditions to date.

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. In the March 2021 Budget 2021 it was announced that the main rate of corporation tax was going to increase to 25% from 1 April 2023, but this was not substantively enacted by 31 March 2021. Any deferred tax at 31 March 2021 has been calculated at 19% (2020: 19%).

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>UK current tax</b>		
- Current year	798	940
- Prior year	(162)	(69)
	<u>636</u>	<u>871</u>

A reconciliation of the tax charge is shown below:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Profit before tax	265,822	93,447
Tax charge at 19% (2020 - 19%) thereon	50,506	17,755
<i>Effects of:</i>		
Revaluation of investment properties	(35,963)	(4,407)
Share of profit of associates	(598)	(163)
Other permanent differences	(1,921)	(2,262)
Profits from the tax-exempt business	(11,226)	(9,983)
<b>Current year tax charge</b>	798	940
Prior year adjustment	(162)	(69)
Total tax charge	<u>636</u>	<u>871</u>

At 31 March 2021 the Group has unutilised tax losses from the non-REIT taxable business of £34.2 million (2020: £34.2 million) available for offset against certain types of future taxable profits. All losses can be carried forward indefinitely.

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 10. ADJUSTED PROFIT

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Profit before tax	265,822	93,447
Gain on revaluation of investment properties – Group	(189,277)	(23,193)
– in associate (net of deferred tax)	(2,074)	(100)
Change in fair value of interest rate derivatives – Group	148	908
– in associate	6	(7)
Gain on disposal of investment property	-	(57)
Adjusted profit before tax	<u>74,625</u>	<u>70,998</u>
Tax	(636)	(871)
Adjusted profit after tax	<u>73,989</u>	<u>70,127</u>

Adjusted profit before tax which excludes gains and losses on the revaluation of investment properties, changes in fair value of interest rate derivatives and net gains and losses on disposal of investment property have been disclosed as, in the Board's view, this provides a clearer understanding of the Group's underlying trading performance.

### 11. DIVIDENDS

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2020 of 16.7p (2019: 16.5p) per share.	29,124	27,319
Interim dividend for the year ended 31 March 2021 of 17.0p (2020: 17.1p) per share.	<u>29,684</u>	<u>28,387</u>
	<u>58,808</u>	<u>55,706</u>
Proposed final dividend for the year ended 31 March 2021 of 17.0p (2020: 16.7p) per share.	<u>29,716</u>	<u>29,124</u>

Subject to approval by shareholders at the Annual General Meeting to be held on 22 July 2021, the final dividend will be paid on 30 July 2021. The ex-div date is 8 July 2021 and the record date is 9 July 2021.

The Property Income Distribution ("PID") payable for the year is 32.0 pence per share (2020: 30.6 pence per share).

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 12. EARNINGS PER SHARE

	Year ended 31 March 2021			Year ended 31 March 2020		
	Earnings £000	Shares million	Pence per share	Earnings £000	Shares million	Pence per share
Basic	265,186	174.1	152.3	92,576	165.8	55.8
Dilutive share options	-	0.6	(0.5)	-	0.7	(0.2)
Diluted	265,186	174.7	151.8	92,576	166.5	55.6
<i>Adjustments:</i>						
Gain on revaluation of investment properties	(189,277)	-	(108.3)	(23,193)	-	(13.9)
Change in fair value of interest rate derivatives	148	-	0.1	908	-	0.5
Gain on disposal of investment property	-	-	-	(57)	-	(0.0)
Share of associate fair value gains and losses	(2,068)		(1.2)	(107)	-	(0.1)
EPRA – diluted	73,989	174.7	42.4	70,127	166.5	42.1
EPRA – basic	73,989	174.1	42.5	70,127	165.8	42.3

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

EPRA earnings and earnings per ordinary share have been disclosed to give a clearer understanding of the Group's underlying trading performance.

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 13. NET ASSETS PER SHARE

In October 2019, EPRA issued new Best Practices Recommendations guidelines for Net Asset Value (NAV) metrics, these recommendations are effective for accounting periods starting on 1 January 2020 and have been adopted by the Group this year.

EPRA have introduced three new NAV metrics: EPRA Net Tangible Assets (NTA), EPRA Net Reinstatement Value (NRV) and EPRA Net Disposal Value (NDV).

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

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

	Year ended 31 March 2021			Year ended 31 March 2020		
	Equity attributable to ordinary shareholders £000	Shares million	Pence per share	Equity attributable to ordinary shareholders £000	Shares million	Pence per share
Basic NAV	1,453,895	174,757,563	831.9	1,163,876	166,015,620	701.1
Share and save as you earn schemes	1,451	1,427,948	(5.9)	1,262	1,371,985	(5.0)
Diluted NAV	1,455,346	176,185,511	826.0	1,165,138	167,387,605	696.1
Fair value of derivatives – Group	475	-	0.3	327	-	0.2
Fair value of derivatives – share of associate	6	-	-	-	-	-
Deferred tax in respect of valuation surpluses - associate	1,818	-	1.0	1,332	-	0.8
Intangible assets	(1,433)	-	(0.8)	(1,433)	-	(0.9)
EPRA NTA	1,456,212	176,185,511	826.5	1,165,364	167,387,605	696.2
Valuation methodology assumption (see note 15) (£000)	110,393	-	62.7	91,789	-	54.8
Adjusted NAV	1,566,605	176,185,511	889.2	1,257,153	167,387,605	751.0

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 14. NON-CURRENT ASSETS

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

	Investment property £000	Investment property under construction £000	Right-of-use assets £000	Total £000
<b>At 31 March 2019</b>	1,354,430	91,115	18,774	1,464,319
Additions	9,860	56,859	253	66,972
Transfer on opening of stores	9,070	(9,070)	-	-
Revaluation (see note 15)	23,405	(212)	-	23,193
Disposals	(11,645)	(2,393)	-	(14,038)
Depreciation	-	-	(1,198)	(1,198)
<b>At 31 March 2020</b>	1,385,120	136,299	17,829	1,539,248
Additions	11,657	63,174	-	74,831
Transfer on opening of stores	36,070	(36,070)	-	-
Revaluation (see note 15)	189,143	134	-	189,277
Depreciation	-	-	(1,185)	(1,185)
<b>At 31 March 2021</b>	1,621,990	163,537	16,644	1,802,171

The right-of-use assets represent the present value of minimum lease payments for leasehold properties – see note 21 for further details of the obligations under lease liabilities.

The income from self storage accommodation earned by the Group from its investment property is disclosed in note 3. Direct operating expenses, which are all applied to generating rental income, arising on the investment property in the year are disclosed in the Portfolio Summary. Included within additions is £2.1 million of capitalised interest (2020: £1.6 million), calculated at the Group's average borrowing cost for the year of 2.9%. 56 of the Group's investment properties are pledged as security for loans, with a total external value of £1,283.1 million.

The disposal in investment property in the prior year is the sale of the part of the Wyvern Industrial Estate in New Malden, London for £11.8 million. The disposal in investment property under construction is the sale of a plot of land in Slough for £2.4 million. The net profit on disposal of these two properties was £57,000.

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 14. NON-CURRENT ASSETS (CONTINUED)

#### b) Plant, equipment, and owner-occupied property

	Freehold property £000	Leasehold improve- ments £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings & office equipment £000	Right of use assets £000	Total £000
<b>Cost</b>							
At 31 March 2019	2,235	74	672	32	918	-	3,931
Retirement of fully depreciated assets	-	(3)	(283)	-	(581)	-	(867)
Additions	40	6	101	-	833	-	980
Accounting policy change	-	-	-	-	-	872	872
At 31 March 2020	2,275	77	490	32	1,170	872	4,916
Retirement of fully depreciated assets	-	(18)	(167)	-	(602)	-	(787)
Additions	-	-	116	-	694	-	810
At 31 March 2021	2,275	59	439	32	1,262	872	4,939
<b>Depreciation</b>							
At 31 March 2019	(494)	(24)	(348)	(21)	(105)	-	(992)
Retirement of fully depreciated assets	-	3	283	-	581	-	867
Charge for the year	(42)	(5)	(115)	(7)	(508)	(106)	(783)
At 31 March 2020	(536)	(26)	(180)	(28)	(32)	(106)	(908)
Retirement of fully depreciated assets	-	18	167	-	602	-	787
Charge for the year	(57)	(4)	(116)	(4)	(622)	(105)	(908)
At 31 March 2021	(593)	(12)	(129)	(32)	(52)	(211)	(1,029)
<b>Net book value</b>							
At 31 March 2021	1,682	47	310	-	1,210	661	3,910
At 31 March 2020	1,739	51	310	4	1,138	766	4,008

#### c) Intangible assets

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

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 14. NON-CURRENT ASSETS (CONTINUED)

#### d) Investment

During the year, the Group invested £450,000 in DS Operations Centre Limited, a company which provides out-of-hours monitoring and alarm receiving services, including for the Group's stores. The investment is carried at cost and tested annually for impairment.

#### e) Investment in associates

##### Armadillo

The Group has a 20% interest in Armadillo Storage Holding Company Limited ("Armadillo 1") and a 20% interest in Armadillo Storage Holding Company 2 Limited ("Armadillo 2"). Both interests are accounted for as associates, using the equity method of accounting. Both companies are incorporated, registered and operate in England and Wales. Their registered office is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT.

	Armadillo 1		Armadillo 2		Total	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
At the beginning of the year	7,027	6,804	4,233	4,249	11,260	11,053
Share of results (see below)	2,013	549	1,135	307	3,148	856
Dividends	(342)	(326)	(346)	(323)	(688)	(649)
<b>Share of net assets</b>	<b>8,698</b>	<b>7,027</b>	<b>5,022</b>	<b>4,233</b>	<b>13,720</b>	<b>11,260</b>

The Group's total subscription for partnership capital and advances in Armadillo 1 is £1,920,000 and £2,689,000 in Armadillo 2.

The investment properties owned by Armadillo 1 and Armadillo 2 have been valued at 31 March 2021 and 31 March 2020 by Jones Lang LaSalle.

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 14. NON-CURRENT ASSETS (CONTINUED)

#### e) Investment in associates (continued)

The figures below show the trading results of the Armadillo Partnerships, and the Group's share of the results and the net assets of the Armadillo Partnerships.

	Armadillo 1		Armadillo 2	
	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
<b>Statement of comprehensive income (100%)</b>				
Revenue	11,338	10,525	6,664	6,212
Cost of sales	(5,967)	(5,608)	(2,953)	(2,940)
Administrative expenses	(345)	(395)	(161)	(1,133)
Operating profit	5,026	4,522	3,550	2,139
Gain on the revaluation of investment properties	8,565	749	4,235	812
Net interest payable	(1,177)	(1,295)	(752)	(923)
Fair value movement of interest rate derivatives	(18)	4	(11)	32
Deferred and current tax	(2,330)	(1,236)	(1,347)	(520)
Profit attributable to shareholders	10,066	2,744	5,675	1,540
Dividends paid	(1,708)	(1,630)	(1,730)	(1,615)
Retained profit/(loss)	8,358	1,114	3,945	(75)
<b>Balance sheet (100%)</b>				
Investment property	81,075	70,825	48,425	43,825
Interest in leasehold properties	2,750	1,950	2,219	2,574
Other non-current assets	1,204	1,219	2,004	2,029
Current assets	1,169	3,621	339	3,100
Current liabilities	(2,923)	(35,122)	(1,946)	(24,583)
Derivative financial instruments	(18)	-	(11)	-
Non-current liabilities	(39,767)	(7,361)	(25,918)	(5,778)
<b>Net assets (100%)</b>	<b>43,490</b>	<b>35,132</b>	<b>25,112</b>	<b>21,167</b>
<b>Group share</b>				
Operating profit	1,005	904	710	428
Gain on the revaluation of investment properties	1,713	150	847	162
Net interest payable	(235)	(259)	(150)	(185)
Fair value movement of interest rate derivatives	(4)	1	(2)	6
Deferred and current tax	(466)	(247)	(270)	(104)
Profit attributable to shareholders	2,013	549	1,135	307
Dividends paid	(342)	(326)	(346)	(323)
Retained profit/(loss)	1,671	223	789	(16)
Associates' net assets	8,698	7,027	5,022	4,233

Included within administrative expenses in Armadillo 2 in the prior year is a performance fee payable to Big Yellow of £1 million.

The loans in Armadillo 1 and Armadillo 2 in the prior year were shown as due within one year, as their expiry at that balance sheet date was July 2020. Both loans were refinanced subsequent to the March 2020 year end through to April 2023.

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 15. VALUATION OF INVESTMENT PROPERTY

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
<b>Freehold stores</b>			
At 31 March 2020	672,842	679,868	1,352,710
Transfer from investment property under construction	36,885	(815)	36,070
Movement in year	11,394	190,716	202,110
At 31 March 2021	<u>721,121</u>	<u>869,769</u>	<u>1,590,890</u>
<b>Leasehold stores</b>			
At 31 March 2020	13,027	19,383	32,410
Movement in year	263	(1,573)	(1,310)
At 31 March 2021	<u>13,290</u>	<u>17,810</u>	<u>31,100</u>
<b>Total of open stores</b>			
At 31 March 2020	685,869	699,251	1,385,120
Transfer from investment property under construction	36,885	(815)	36,070
Movement in year	11,657	189,143	200,800
At 31 March 2021	<u>734,411</u>	<u>887,579</u>	<u>1,621,990</u>
<b>Investment property under construction</b>			
At 31 March 2020	136,303	(4)	136,299
Transfer to investment property	(36,885)	815	(36,070)
Movement in year	63,174	134	63,308
At 31 March 2021	<u>162,592</u>	<u>945</u>	<u>163,537</u>
<b>Valuation of all investment property</b>			
At 31 March 2020	822,172	699,247	1,521,419
Movement in year	74,831	189,277	264,108
At 31 March 2021	<u>897,003</u>	<u>888,524</u>	<u>1,785,527</u>

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

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 15. VALUATION OF INVESTMENT PROPERTY (CONTINUED)

The wholly owned freehold and leasehold investment properties have been valued at 31 March 2021 by external valuers, CBRE Limited (“CBRE”). The Valuation has been prepared in accordance with the version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (“the Red Book”) current as at the valuation date. The valuation of each of the investment properties and the investment properties under construction has been prepared on the basis of either Fair Value or Fair Value as a fully equipped operational entity, having regard to trading potential, as appropriate.

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

- this is CBRE’s second annual valuation for these purposes on behalf of the Group;
- one of the members of the RICS who is a signatory to the valuation has provided valuation advice to the Group for the same purposes as this valuation on a regular basis since September 2004. This is the second occasion on which the other member has been a signatory;
- CBRE do not provide other significant professional or agency services to the Group;
- in relation to the preceding financial year of CBRE, the proportion of the total fees payable by the Group to the total fee income of the firm is less than 5%; and
- the fee payable to CBRE is a fixed amount per asset and is not contingent on the appraised value.

#### *Limited Comparable Market Evidence – Self Storage*

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

The profits method requires an estimate of the future cashflow that can be generated from the use of the building as a self storage facility, assuming a reasonably efficient operator, and then applying a suitable multiple to the net operating profit. The comparison with recent transactions requires the evidence to be considered in terms of the multiple on net operating profit (or EBITDA/EBITDAR), value per square foot, yield profile etc and then adjusted to reflect differences in location, building factors, tenure, trading maturity and trading risk.

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

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 15. VALUATION OF INVESTMENT PROPERTY (CONTINUED)

#### *Portfolio Premium*

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

#### **Assumptions**

- A. Net operating income is based on projected revenue received less projected operating costs, which include a management fee to take account of central/head office costs. The initial net operating income is calculated by estimating the net operating income in the first 12 months following the valuation date.
- B. The net operating income in future years is calculated assuming either straight-line absorption from day one actual occupancy or variable absorption over years one to five of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the 78 trading stores (both freeholds and leaseholds) open at 31 March 2021 averages 86.7% (31 March 2020: 75 stores averaging 84.4%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for the 78 stores to trade at their maturity levels is 8.7 months (31 March 2020: 21.5 months).
- C. The capitalisation rates applied to existing and future net cash flow have been estimated by reference to underlying yields for asset types such as industrial, distribution and retail warehousing, yields for other trading property types such as student housing and hotels, bank base rates, ten-year money rates, inflation and the available evidence of transactions in the sector. The valuation included in the accounts assumes rental growth in future periods. If an assumption of no rental growth is applied to the external valuation, the net initial yield pre-administration expenses for the 78 stores is 5.90% (31 March 2020: 6.15%) rising to a stabilised net yield pre-administration expenses of 6.25% (31 March 2020: 6.78%). The weighted average exit capitalisation rate adopted (for both freeholds and leaseholds) is 5.70% (31 March 2020: 6.07%).
- D. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) is 8.73% (31 March 2020: 9.29%).
- E. Weighted average purchaser's costs of 6.752% have been adopted reflecting current progressive Stamp Duty Land Tax rates. Purchaser's costs (calculated on the same basis) plus sale costs of 1% have been adopted on the notional sales in the tenth year in relation to the freehold and long leasehold stores.

#### *Short leasehold*

The same methodology has been used as for freeholds, but the exit capitalisation rate is adjusted to reflect the unexpired lease term at exit. The average unexpired term of the Group's six short leasehold properties is 11.9 years (31 March 2020: 12.9 years unexpired).

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 15. VALUATION OF INVESTMENT PROPERTY (CONTINUED)

#### *Sensitivities*

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

	Impact of a change in capitalisation rates		Impact of a change in stabilised occupancy assumption	
	25 bps decrease	25 bps increase	1% increase	1% decrease
Reported Group	4.44%	(4.06%)	1.55%	(1.55%)

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

#### *Investment properties under construction*

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

#### *Immature stores: valuer judgement*

CBRE have assessed the value of each property individually. However, three of the Group’s stores are relatively immature and have low initial cash flows. CBRE have endeavoured to reflect the nature of the cash flow profile for these properties in their valuation, and the higher associated risks relating to the as yet unproven future cash flows, by adjustment to the capitalisation rates and discount rates adopted. Immature low cash flow stores of this nature are rarely, if ever, traded individually in the market, unless as part of a distressed sale or similar situation, although there have been transactions where immature low cash flow stores have been traded as part of a group or portfolio transaction. Please note CBRE’s comments above in relation to limited comparable market evidence in the self storage sector. The degree of valuation judgement relating to the immature stores is greater than in relation to the balance of the properties due to there being even less market evidence that might be available for more mature properties and portfolios. CBRE state that in practice, if an actual sale of the properties were to be contemplated then any immature low cash flow stores would normally be presented to the market for sale lotted or grouped with other more mature assets owned by the same entity, in order to alleviate the issue of negative or low short-term cash flow. This approach would enhance the marketability of the group of assets and assist in achieving the best price available in the market by diluting the cash flow risk.

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 15. VALUATION OF INVESTMENT PROPERTY (CONTINUED)

CBRE have not adjusted their opinion of Fair Value to reflect such a grouping of the immature assets with other properties in the portfolio and all stores have been valued individually. However, they highlight the matter to alert the Group to the manner in which the properties might be grouped or lotted in order to maximise their attractiveness to the marketplace. CBRE consider this approach to be a valuation assumption but not a Special Assumption, the latter being an assumption that assumes facts that differ from the actual facts existing at the valuation date and which, if not adopted, could produce a material difference in value. As noted above, CBRE have not assumed that the entire portfolio of properties owned by the entity would be sold as a single lot and the value for the whole portfolio in the context of a sale as a single lot may differ significantly from the aggregate of the individual values for each property in the portfolio, reflecting the lotting assumption described above.

#### **Valuation assumption for purchaser's costs**

The Group's investment property assets have been valued for the purposes of the financial statements after deducting notional weighted average purchaser's cost of 6.752% on the net value, as if they were sold directly as property assets. The valuation is an asset valuation which is entirely linked to the operating performance of the business. The assets would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be very difficult to achieve except in a corporate structure. This approach follows the logic of the valuation methodology in that the valuation is based on a capitalisation of the net operating income after allowing a deduction for operational cost and an allowance for central administration costs. Sale in a corporate structure would result in a reduction in the assumed Stamp Duty Land Tax but an increase in other transaction costs reflecting additional due diligence resulting in a reduced notional purchaser's cost of 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. The Group therefore instructed CBRE to carry out an additional valuation on the above basis, and this results in a higher property valuation at 31 March 2021 of £1,895.0 million (£109.4 million higher than the value recorded in the financial statements). Under the revised valuation of purchaser's costs of 2.75%, the total valuations in the two Armadillo Partnerships performed by Jones Lang LaSalle are £4.9 million higher than the value recorded in the financial statements, of which the Group's share is £1.0 million. The sum of these is £110.4 million and translates to 62.7 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 13).

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 16. TRADE AND OTHER RECEIVABLES

	31 March 2021 £000	31 March 2020 £000
<b>Current</b>		
Trade receivables	3,562	4,399
Capital Goods Scheme receivable	525	722
Other receivables	1,474	602
Prepayments and accrued income	2,203	2,159
	<hr/> 7,764	<hr/> 7,882
<b>Non-current</b>		
Capital Goods Scheme receivable	<hr/> 163	<hr/> 660

Trade receivables are net of a bad debt provision of £223,000 (2020: £176,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

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

#### Trade receivables

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

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

Included in the Group's trade receivables balance are debtors with a carrying amount of £108,000 (2020: £379,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 25 days past due (2020: 16 days past due).

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 16. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### Ageing of past due but not impaired receivables

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
1 - 30 days	163	200
31 - 60 days	15	45
60 + days	32	134
Total	<u>210</u>	<u>379</u>

#### Movement in the allowance for doubtful debts

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Balance at the beginning of the year	176	30
Amounts provided in year	239	368
Amounts written off as uncollectible	(192)	(222)
Balance at the end of the year	<u>223</u>	<u>176</u>

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

#### Ageing of impaired trade receivables

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
1 - 30 days	-	1
30 - 60 days	8	45
60 + days	215	130
Total	<u>223</u>	<u>176</u>

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 17. TRADE AND OTHER PAYABLES

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
<b>Current</b>		
Trade payables	4,052	4,748
Other payables	8,036	10,734
Accruals and deferred income	22,475	17,964
	<hr/> 34,563	<hr/> 33,446

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

### 18. FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group's debt facilities require 40% of total drawn debt to be fixed. The Group has complied with this during the year.

With the exception of derivative instruments which are classified as a financial liability at fair value through the statement of comprehensive income ("FVOCI"), financial liabilities are categorised under amortised cost. All financial assets are categorised as fair value to profit and loss ("FVTPL").

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

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 18. FINANCIAL INSTRUMENTS (CONTINUED)

#### A. Balance sheet management

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

The gearing ratio at the year end is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Debt	(337,300)	(402,028)
Cash and cash equivalents	12,322	51,418
Net debt	<u>(324,978)</u>	<u>(350,610)</u>
Balance sheet equity	1,453,895	1,163,876
Net debt to equity ratio	<u>22.4%</u>	<u>30.1%</u>

#### B. Debt management

The Group currently borrows through a senior term loan, secured on 26 self storage assets, a loan with Aviva Commercial Finance Limited secured on a portfolio of 15 self storage assets, and a £70 million loan from M&G Investments Limited secured on a portfolio of 15 self storage assets. Borrowings are arranged to ensure an appropriate maturity profile and to maintain short-term liquidity. Funding is arranged through banks and financial institutions with whom the Group has a strong working relationship.

#### C. Interest rate risk management

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

At 31 March 2021 the Group had two interest rate derivatives in place; £30 million fixed at 0.4% (excluding the margin on the underlying debt instrument) until October 2021, and £35 million fixed at 0.76% (excluding the margin on the underlying debt instrument) until June 2023.

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 18. FINANCIAL INSTRUMENTS (CONTINUED)

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

The £30 million interest rate swap settles on a monthly basis. The floating rate on the interest rate swap is one month LIBOR. The Group settles the difference between the fixed and floating interest rate on a net basis.

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

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

	2021 £000	2020 £000
At 1 April	(327)	581
Fair value movement in the year	(148)	(908)
At 31 March	<u>(475)</u>	<u>(327)</u>

The table below reconciles the opening and closing balances of the Group's finance related liabilities for the current and prior year.

	Loans £000	Obligations under lease liabilities £000	Interest rate derivatives £000	Total £000
At 1 April 2020	(402,028)	(18,937)	(327)	(421,292)
Cash movement in the year	64,728	1,009	-	65,737
Fair value movement	-	-	(148)	(148)
At 31 March 2021	<u>(337,300)</u>	<u>(17,928)</u>	<u>(475)</u>	<u>(355,703)</u>

The difference between the loans balance above and the balance sheet is loan arrangement fees of £1,862,000.

	Loans £000	Obligations under lease liabilities £000	Interest rate derivatives £000	Total £000
At 1 April 2019	(337,625)	(19,899)	581	(356,943)
Cash movement in the year	(64,403)	962	-	(63,441)
Non-cash movement	-	-	(908)	(908)
At 31 March 2020	<u>(402,028)</u>	<u>(18,937)</u>	<u>(327)</u>	<u>(421,292)</u>

The difference between the loans balance above and the balance sheet is loan arrangement fees of £2,293,000

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 18. FINANCIAL INSTRUMENTS (CONTINUED)

#### D. Interest rate sensitivity analysis

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings, without jeopardising its flexibility. Over the longer term, permanent changes in interest rates may have an impact on consolidated earnings.

At 31 March 2021, it is estimated that an increase of 0.25 percentage points in interest rates would have reduced the Group's adjusted profit before tax and net equity by £394,000 (2020: reduced adjusted profit before tax by £549,000) and a decrease of 0.25 percentage points in interest rates would have increased the Group's adjusted profit before tax and net equity by £394,000 (2020: increased adjusted profit before tax by £549,000). The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings, net of interest rate swaps, at the year end.

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

#### E. Cash management and liquidity

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

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

#### F. Foreign currency management

The Group does not have any foreign currency exposure.

#### G. Credit risk

The credit risk management policies of the Group with respect to trade receivables are discussed in note 16. The Group has no significant concentration of credit risk, with exposure spread over 62,000 customers in our stores.

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

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 18. FINANCIAL INSTRUMENTS (CONTINUED)

#### H. Financial maturity analysis

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

##### 2021 Maturity

	<b>Total £000</b>	<b>Less than one year £000</b>	<b>One to two years £000</b>	<b>Two to five years £000</b>	<b>More than five years £000</b>
<i>Debt</i>					
Aviva loan	114,800	2,865	3,008	9,959	98,968
M&G loan payable at variable rate	35,000	-	-	35,000	-
M&G loan fixed by interest rate derivatives	35,000	-	-	35,000	-
Bank loan payable at variable rate	122,500	-	-	122,500	-
Debt fixed by interest rate derivatives	30,000	-	-	30,000	-
<b>Total</b>	<b>337,300</b>	<b>2,865</b>	<b>3,008</b>	<b>232,459</b>	<b>98,968</b>

##### 2020 Maturity

	<b>Total £000</b>	<b>Less than one year £000</b>	<b>One to two years £000</b>	<b>Two to five years £000</b>	<b>More than five years £000</b>
<i>Debt</i>					
Aviva loan	117,528	2,728	2,865	9,484	102,451
M&G loan payable at variable rate	35,000	-	-	35,000	-
M&G loan fixed by interest rate derivatives	35,000	-	-	35,000	-
Bank loan payable at variable rate	184,500	-	-	184,500	-
Debt fixed by interest rate derivatives	30,000	-	-	30,000	-
<b>Total</b>	<b>402,028</b>	<b>2,728</b>	<b>2,865</b>	<b>293,984</b>	<b>102,451</b>

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 18. FINANCIAL INSTRUMENTS (CONTINUED)

#### I. Fair values of financial instruments

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

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

#### J. Maturity analysis of financial liabilities

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

	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Obligations under lease liabilities £000	Total £000
2021					
From five to twenty years	-	-	104,576	18,274	122,850
From two to five years	-	25	249,913	5,267	255,205
From one to two years	-	162	11,638	1,780	13,580
Due after more than one year	-	187	366,127	25,321	391,635
Due within one year	12,088	271	11,639	1,780	25,778
<b>Total</b>	<b>12,088</b>	<b>458</b>	<b>377,766</b>	<b>27,101</b>	<b>417,413</b>

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 18. FINANCIAL INSTRUMENTS (CONTINUED)

2020	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Obligations under lease liabilities £000	Total £000
From five to twenty years	-	-	111,440	19,979	131,419
From two to five years	-	154	319,004	5,342	324,500
From one to two years	-	178	12,746	1,780	14,704
Due after more than one year	-	332	443,190	27,101	470,623
Due within one year	15,482	176	12,746	1,780	30,184
<b>Total</b>	<b>15,482</b>	<b>508</b>	<b>455,936</b>	<b>28,881</b>	<b>500,807</b>

### K. Reconciliation of maturity analyses

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

2021	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	98,968	4,703	905	104,576
From two to five years	232,459	16,497	957	249,913
From one to two years	3,008	8,630	-	11,638
Due after more than one year	334,435	29,830	1,862	366,127
Due within one year	2,865	8,774	-	11,639
<b>Total</b>	<b>337,300</b>	<b>38,604</b>	<b>1,862</b>	<b>377,766</b>

2020	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	102,451	7,967	1,022	111,440
From two to five years	293,984	23,749	1,271	319,004
From one to two years	2,865	9,881	-	12,746
Due after more than one year	399,300	41,597	2,293	443,190
Due within one year	2,728	10,018	-	12,746
<b>Total</b>	<b>402,028</b>	<b>51,615</b>	<b>2,293</b>	<b>455,936</b>

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 19. BORROWINGS

	31 March 2021 £000	31 March 2020 £000
<b>Secured borrowings at amortised cost</b>		
<b>Current liabilities</b>		
Aviva loan	2,865	2,728
	<u>2,865</u>	<u>2,728</u>
<b>Non-current liabilities</b>		
Bank borrowings	152,500	214,500
Aviva loan	111,935	114,800
M&G loan	70,000	70,000
Unamortised loan arrangement costs	(1,862)	(2,293)
	<u>332,573</u>	<u>397,007</u>
<b>Total non-current borrowings</b>		
	<u>332,573</u>	<u>397,007</u>
<b>Total borrowings</b>	<u>335,438</u>	<u>399,735</u>

The weighted average interest rate paid on the borrowings during the year was 2.9% (2020: 2.6%).

The Group has £87,500,000 in undrawn committed bank borrowing facilities at 31 March 2021, which expire after between three and four years (2020: £25,500,000 expiring after between four and five years).

The Group has a £100 million 15 year fixed rate loan with Aviva Commercial Finance Limited, expiring in April 2027. The loan is secured over a portfolio of 15 freehold self storage centres. The annual fixed interest rate on the loan is 4.9%. The loan amortises to £60 million over the course of the 15 years. The debt service is payable monthly based on fixed annual amounts. In March 2020, the Group agreed a new 7 year debt facility with Aviva of £35 million at an all-in cost of 1.96%, secured over the existing Aviva security pool of 15 stores. The all-in cost of this tranche of the loan reduced to 1.91% following the installation of 50 kWp capacity solar panels at three of the stores, which took place during the year. The total debt facilities from Aviva are now £114.8 million of which £19.8 million is amortising over the remaining seven years of the loan.

The Group has a secured £240 million five year revolving bank facility with Lloyds, HSBC and Bank of Ireland expiring in October 2024, with a margin of 1.25%. The Group has an option to increase the amount of the loan facility by a further £30 million during the course of the loan's term.

The Group has a £70 million seven year loan with M&G Investments Limited, with a bullet repayment in June 2023. The loan is secured over a portfolio of 15 freehold self storage centres. Half of the loan is variable, and half is subject to an interest rate derivative.

The movement in the Group's loans are shown net in the cash flow statement as the bank loan is a revolving facility and is repaid and redrawn each month.

The Group was in compliance with its banking covenants at 31 March 2021 and throughout the year. The main covenants are summarised in the table below:

<b>Covenant</b>	<b>Covenant level</b>	<b>At 31 March 2021</b>
Consolidated EBITDA	Minimum 1.5x	8.9x
Consolidated net tangible assets	Minimum £250m	£1,454m
Bank loan interest cover	Minimum 1.75x	15.0x
Aviva loan interest service cover ratio	Minimum 1.5x	4.4x
Aviva loan debt service cover ratio	Minimum 1.2x	2.8x
M&G interest cover	Minimum 1.5x	9.6x

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 19. BORROWINGS (CONTINUED)

#### Interest rate profile of financial liabilities

	Total £000	Floating rate £000	Fixed rate £000	Weighted average interest rate	Period for which the rate is fixed	Weighted average period until maturity
At 31 March 2021						
Gross financial liabilities	337,300	157,500	179,800	2.6%	4.6 years	4.0 years
At 31 March 2020						
Gross financial liabilities	402,028	219,500	182,528	2.5%	5.6 years	4.9 years

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

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

### 20. DEFERRED TAX

Deferred tax assets in respect of IFRS 2 (£0.1 million), corporation tax losses (£4.9 million), capital allowances in excess of depreciation (£0.2 million) and capital losses (£1.6 million) in respect of the non-REIT taxable business have not been recognised as it is not considered probable that sufficient taxable profits will arise in the relevant taxable entity.

### 21. OBLIGATIONS UNDER LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2021 £000	2020 £000	2021 £000	2020 £000
<b>Amounts payable under lease liabilities:</b>				
Within one year	1,780	1,780	1,751	1,751
Within two to five years inclusive	7,047	7,122	6,208	6,266
Greater than five years	18,274	19,979	9,969	10,920
	<u>27,101</u>	<u>28,881</u>	<u>17,928</u>	<u>18,937</u>
Less: future finance charges	(9,173)	(9,944)		
Present value of lease liabilities	<u>17,928</u>	<u>18,937</u>		

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

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 22. SHARE CAPITAL

	Called up, allotted, and fully paid	
	2021 £000	2020 £000
<b>Ordinary shares of 10 pence each</b>	17,588	16,714
<b>Movement in issued share capital</b>		
Number of shares at 31 March 2019		166,665,158
Exercise of share options – Share option schemes		473,369
Number of shares at 31 March 2020		167,138,527
Issue of shares – placing		8,335,043
Exercise of share options – Share option schemes		406,900
Number of shares at 31 March 2021		175,880,470

The Company has one class of ordinary shares which carry no right to fixed income.

At 31 March 2021 options in issue to Directors and employees were as follows:

<b>Date option Granted</b>	<b>Option price per ordinary share</b>	<b>Date first exercisable</b>	<b>Date on which the exercise period expires</b>	<b>Number of ordinary shares 2021</b>	<b>Number of ordinary shares 2020</b>
29 July 2014	nil p**	29 July 2017	29 July 2024	830	830
21 July 2015	nil p**	21 July 2018	21 July 2025	16,268	19,879
22 July 2016	nil p**	22 July 2019	21 July 2026	30,703	58,674
15 March 2017	580.0p*	1 April 2020	1 October 2020	-	46,900
2 August 2017	nil p**	2 August 2020	2 August 2027	68,034	382,490
13 March 2018	675.4p*	1 April 2021	1 October 2021	87,000	90,063
24 July 2018	nil p**	24 July 2021	24 July 2028	334,201	343,868
11 March 2019	749.9p*	1 April 2022	1 October 2022	48,124	50,884
19 July 2019	nil p**	19 July 2022	19 July 2029	362,730	366,985
2 March 2020	947.0p	1 April 2023	1 October 2023	51,889	52,725
5 August 2020	nil p**	5 August 2023	5 August 2030	410,767	-
1 March 2021	903.2p*	1 April 2024	1 October 2024	94,695	-
				1,505,241	1,413,298

\* SAYE (see note 23) \*\* LTIP (see note 23)

### OWN SHARES

The own shares reserve represents the cost of shares in Big Yellow Group PLC purchased in the market and held by the Big Yellow Group PLC Employee Benefit Trust, along with shares issued directly to the Employee Benefit Trust. 1,122,907 shares are held in the Employee Benefit Trust (2020: 1,122,907), and no shares are held in treasury.

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 23. SHARE-BASED PAYMENTS

The Company has three equity share-based payment arrangements, namely an LTIP scheme (with approved and unapproved components), an Employee Share Save Scheme (“SAYE”) and a Deferred Bonus Plan. The Group recognised a total expense in the year related to equity-settled share-based payment transactions of £2,869,000 (2020: £2,256,000).

#### Equity-settled share option plans

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

On an annual basis since 2004 the Group awarded nil-paid options to senior management under the Group’s Long Term Incentive Plan (“LTIP”). The awards are conditional on the achievement of challenging performance targets as described in the Remuneration Report. The awards granted in 2004, 2005 and 2006 vested in full. The awards granted in 2007 and 2009 lapsed, and the awards granted in 2008 and 2010 partially vested. The awards granted in 2011, 2012, 2013, 2014, 2015 and 2016 fully vested. The award granted in 2017 vested to 83.6% of its potential. The weighted average share price at the date of exercise for options exercised in the year was £10.64 (2020: £9.88).

	<b>2021</b>	<b>2020</b>
	<b>No. of</b>	<b>No. of</b>
	<b>options</b>	<b>options</b>
<b>LTIP scheme</b>		
Outstanding at beginning of year	1,172,726	1,212,765
Granted during the year	508,878	457,058
Lapsed during the year	(98,071)	(62,097)
Exercised during the year	(360,000)	(435,000)
Outstanding at the end of the year	<u>1,223,533</u>	<u>1,172,726</u>
Exercisable at the end of the year	<u>131,787</u>	<u>79,383</u>

The weighted average fair value of options granted during the year was £1,512,000 (2020: £1,499,000).

Options outstanding at 31 March 2021 had a weighted average contractual life of 8.1 years (2020: 8.2 years).

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 23. SHARE-BASED PAYMENTS (CONTINUED)

	2021 No. of options	2021 Weighted average exercise price (£)	2020 No of options	2020 Weighted average exercise price (£)
Employee Share Save Scheme (“SAYE”)				
Outstanding at beginning of year	240,572	7.32	242,849	6.63
Granted during the year	94,695	9.03	52,725	9.47
Forfeited during the year	(6,659)	7.40	(16,633)	6.89
Exercised during the year	(46,900)	5.80	(38,369)	6.08
Outstanding at the end of the year	281,708	8.15	240,572	7.32
Exercisable at the end of the year	-	-	-	-

Options outstanding at 31 March 2021 had a weighted average contractual life of 2.0 years (2020: 1.9 years).

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

	LTIP	SAYE
Expected volatility	n/a	35%
Expected life	3 years	3 years
Risk-free rate	0.7%	0.7%
Expected dividends	2.7%	4.7%

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

#### Deferred bonus plan

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

### 24. CAPITAL COMMITMENTS

At 31 March 2021 the Group had £17.3 million of amounts contracted but not provided in respect of the Group’s properties (2020: £10.0 million of capital commitments).

### 25. EVENTS AFTER THE BALANCE SHEET DATE

On 23 April 2021 the Group exchanged contracts to acquire a site in Kentish Town for £16.5 million.

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 26. CASH FLOW NOTES

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

	Note	2021 £000	2020 £000
Profit after tax		265,186	92,576
Taxation		636	871
Share of profit of associates		(3,148)	(856)
Investment income		(69)	(114)
Finance costs		8,165	10,751
<b>Operating profit</b>		<u>270,770</u>	<u>103,228</u>
Gain on the revaluation of investment properties	14a, 15	(189,277)	(23,193)
Gain on disposal of investment property		-	(57)
Depreciation of plant, equipment, and owner-occupied property	14b	803	677
Depreciation of lease liability capital obligations	14a, 14b	1,290	1,198
Employee share options	6	2,869	2,256
<b>Cash generated from operations pre working capital movements</b>		<u>86,455</u>	<u>84,109</u>
Decrease/(increase) in inventories		46	(130)
Decrease in receivables		841	564
(Decrease)/increase in payables		(211)	531
<b>Cash generated from operations</b>		<u>87,131</u>	<u>85,074</u>

#### b) Reconciliation of net cash flow movement to net debt

	Note	2021 £000	2020 £000
Net (decrease)/increase in cash and cash equivalents in the year		(39,096)	33,516
Cash flow from decrease/(increase) in debt financing		64,728	(64,403)
Change in net debt resulting from cash flows		<u>25,632</u>	<u>(30,887)</u>
<b>Movement in net debt in the year</b>		25,632	(30,887)
Net debt at the start of the year		(350,610)	(319,723)
Net debt at the end of the year	18A	<u>(324,978)</u>	<u>(350,610)</u>

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 27. RELATED PARTY TRANSACTIONS

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

#### Transactions with Armadillo Storage Holding Company Limited

As described in note 14, the Group has a 20% interest in Armadillo Storage Holding Company Limited (“Armadillo 1”), and entered into transactions with Armadillo 1 during the year on normal commercial terms as shown in the table below.

#### Transactions with Armadillo Storage Holding Company 2 Limited

As described in note 14, the Group has a 20% interest in Armadillo Storage Holding Company 2 Limited (“Armadillo 2”), and entered into transactions with Armadillo 2 during the year on normal commercial terms as shown in the table below.

	31 March 2021	31 March 2020
	£000	£000
Fees earned from Armadillo 1	977	839
Fees earned from Armadillo 2	376	1,394
Balance due from Armadillo 1	67	51
Balance due from Armadillo 2	27	1,018

The balance due from Armadillo 2 in the prior year includes a performance fee of £1 million.

#### AnyJunk Limited

Jim Gibson is a Non-Executive Director and shareholder in AnyJunk Limited and Adrian Lee is a shareholder in AnyJunk Limited. During the year AnyJunk Limited provided waste disposal services to the Group on normal commercial terms, amounting to £25,000 (2020: £37,000).

No other related party transactions took place during the years ended 31 March 2021 and 31 March 2020.

#### London Children’s Ballet

The Group signed a Section 106 agreement signed with Wandsworth Council relating to the development of our Battersea store, which required the Group to provide free cultural space under a Social Agreement with the Council. In conjunction with this, subsequent to the year end, the Group granted a lease over this space to London Children’s Ballet at a peppercorn rent. Jim Gibson is the Chairman of Trustees of the London Children’s Ballet.

#### DS Operations Centre Limited

In December 2020, the Group invested £450,000 in DS Operations Centre Limited (“DSOC”). DSOC provided alarm and CCTV monitoring services to the Group under normal commercial terms during the year, amounting to £22,000 (2020: £nil).

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 28. GLOSSARY

Adjusted earnings growth	The increase in adjusted eps year-on-year.
Adjusted eps	Adjusted profit after tax divided by the diluted weighted average number of shares in issue during the financial year.
Adjusted NAV	EPRA NAV adjusted for an investment property valuation carried out at purchasers' costs of 2.75%, see note 13.
Adjusted Profit Before Tax	The Company's pre-tax EPRA earnings measure with additional Company adjustments, see note 10.
Average net achieved rent per sq ft	Storage revenue divided by average occupied space over the financial year.
Average rental growth	The growth in average net achieved rent per sq ft year-on-year.
BREEAM	An environmental rating assessed under the Building Research Establishment's Environmental Assessment Method.
Carbon intensity	Carbon emissions divided by the Group's average occupied space.
Closing net rent per sq ft	Annual storage revenue generated from in-place customers divided by occupied space at the balance sheet date.
Committed facilities	Available undrawn debt facilities plus cash and cash equivalents.
Debt	Long-term and short-term borrowings, as detailed in note 19, excluding lease liabilities and debt issue costs.
Earnings per share (eps)	Profit for the financial year attributable to equity shareholders divided by the average number of shares in issue during the financial year.
EBITDA	Earnings before interest, tax, depreciation, and amortisation.
EPRA	The European Public Real Estate Association, a real estate industry body. This organisation has issued Best Practice Recommendations with the intention of improving the transparency, comparability, and relevance of the published results of listed real estate companies in Europe.
EPRA earnings	The IFRS profit after taxation attributable to shareholders of the Company excluding investment property revaluations, gains/losses on investment property disposals and changes in the fair value of financial instruments.
EPRA earnings per share	EPRA earnings divided by the average number of shares in issue during the financial year, see note 12.
EPRA NTA per share	EPRA NTA divided by the diluted number of shares at the year end.
EPRA net tangible asset value (EPRA NTA)	IFRS net assets excluding the mark-to-market on interest rate derivatives, deferred taxation on property valuations where it arises, and intangible assets. It is adjusted for the dilutive impact of share options.
Equity	All capital and reserves of the Group attributable to equity holders of the Company.
Gross property assets	The sum of investment property and investment property under construction.
Gross value added	The measure of the value of goods and services produced in an area, industry, or sector of an economy.
Interest cover	The ratio of operating cash flow divided by interest paid (before exceptional finance costs, capitalised interest, and changes in fair value of interest rate derivatives). This metric is provided to give readers a clear view of the Group's financial position.
Like-for-like occupancy	Excludes the closing occupancy of new stores acquired, opened, or closed in the current financial year in both the current financial year and comparative figures. In 2021 this excludes Camberwell, Bracknell, and Battersea (which opened in July 2020, September 2020 and November 2020 respectively).
Like-for-like revenue	Excludes the impact of new stores acquired, opened or stores closed in the current or preceding financial year in both the current year and comparative figures. This excludes Manchester (opened May 2019), Camberwell (opened July 2020), Bracknell (opened September 2020) and Battersea (opened November 2020).

# Big Yellow Group PLC

## Notes to the financial statements Year ended 31 March 2021

### 28. GLOSSARY (CONTINUED)

LTV (loan to value)	Net debt expressed as a percentage of the external valuation of the Group's investment properties.
Maximum lettable area (MLA)	The total square foot (sq ft) available to rent to customers.
Move-ins	The number of customers taking a storage room in the defined period.
Move-outs	The number of customers vacating a storage room in the defined period.
NAV	Net asset value.
Net debt	Gross borrowings less cash and cash equivalents.
Net initial yield	The forthcoming year's net operating income expressed as a percentage of capital value, after adding notional purchaser's costs.
Net operating income on stabilisation	The projected net operating income delivered by a store when it reaches a stable level of occupancy.
Net promoter score (NPS)	The Net Promoter Score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. The Company measures NPS based on surveys sent to all its move-ins and move-outs.
Net rent per sq ft	Storage revenue generated from in place customers divided by occupancy.
Occupancy	The space occupied by customers divided by the MLA expressed as a %.
Occupied space	The space occupied by customers in sq ft.
Other storage related income	Packing materials, insurance, and other storage related fees.
Pipeline	The Group's development sites.
Property Income Distribution (PID)	A dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax-exempt property rental business, and which is taxable for UK-resident shareholders at their marginal tax rate.
REGO	Renewable Energy Guarantees of Origin
REIT	Real Estate Investment Trust. A tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain conditions.
REVPAF	Total store revenue divided by the average maximum lettable area in the period.
Store EBITDA	Store earnings before interest, tax, depreciation, and amortisation, see reconciliation in the portfolio summary.
TCFD	Task Force on Climate Related Financial Disclosure
Total shareholder return (TSR)	The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional units of shares.

# Big Yellow Group PLC

## Ten Year Summary

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
<b>Results</b>										
Revenue	135,241	129,313	125,414	116,660	109,070	101,382	84,276	72,196	69,671	65,663
Operating profit before gains and losses on property assets	81,493	79,978	76,662	70,921	65,316	59,854	48,420	39,537	37,454	35,079
Cash flow from operating activities	76,712	73,615	72,173	62,977	55,974	55,467	42,397	32,752	30,186	27,388
Profit/(loss) before taxation	265,822	93,447	126,855	134,139	99,783	112,246	105,236	59,848	31,876	(35,551)
Adjusted profit before taxation	74,625	70,998	67,465	61,422	54,641	48,952	39,405	29,221	25,471	23,643
Net assets	1,453,895	1,163,876	1,123,897	981,148	890,350	829,387	750,914	594,064	552,628	494,500
Diluted EPRA earnings per share	42.4p	42.1p	41.4p	38.5p	34.5p	31.1p	27.1p	20.5p	19.3p	18.2p
Declared total dividend per share	34.0p	33.8p	33.2p	30.8p	27.6p	24.9p	21.7p	16.4p	11.0p	10.0p
<b>Key statistics</b>										
Number of stores open	78	75	74	74	73	71	69	66	66	65
Sq ft occupied (000)	4,201	3,781	3,810	3,730	3,551	3,363	3,178	2,832	2,632	2,458
Occupancy increase/(decrease) in year (000 sq ft)*	420	(29)	80	179	188	185	346	200	174	328
Closing net rent per sq ft **	£28.71	£28.15	£27.28	£26.74	£26.03	£25.90	£25.23	£24.85	£24.65	£26.49
Number of customers	62,000	56,500	56,000	55,000	52,500	50,000	47,250	41,800	38,500	36,300
Average number of employees during the year	370	361	347	335	329	318	300	289	286	279

\* - the occupancy growth in 2015 and 2017 includes the acquisition of existing stores

\*\* - closing net rent per sq ft fell from 2012 to 2013 following the imposition of VAT on self storage on 1 October 2012.