

Get some space in your life.™



The **Big Yellow Difference**

Annual Report & Accounts 2023 Big Yellow Group PLC

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This report was approved by the Board of Directors on 22 May 2023 and signed on its behalf by:

Jim Gibson
Chief Executive Officer

John Trotman
Chief Financial Officer

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we are **BIG** on
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Protecting our customers' possessions is paramount to what we do

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we are **BIG** on
SUSTAINABILITY
Operating a responsible and sustainable business

Big Yellow

is the UK's brand leader
in self storage.

We put the customer at the heart of everything we do and believe in getting the small things right to make the biggest impact. We continually evolve how we interact with our customers, utilising systems and technology to make their self storage experience simple and effortless whilst ensuring we continue to operate a sustainable business.

Highlights

Against the backdrop of a challenging macro and geopolitical environment, we have delivered another year of growth, with revenue up 10% and adjusted profit before tax up 10% year-on-year.

“ **Adjusted profit before tax up 10%,
EPRA earnings per share up 8%.** ”

Highlight metrics

■ 2023 ■ 2022

Financial metrics

Revenue

£188.8m +10%

£171.3m

Store revenue⁽¹⁾

£186.7m +10%

£169.3m

Like-for-like store revenue^(1,2)

£162.9m +7%

£151.8m

Store EBITDA⁽¹⁾

£134.0m +11%

£120.9m

Adjusted profit before tax⁽¹⁾

£106.0m +10%

£96.8m

EPRA earnings per share⁽¹⁾

56.5p +8%

52.5p

Dividend final

22.9p +7%

21.4p

Dividend total

45.2p +8%

42.0p

Statutory metrics

Profit before tax

£75.3m (89%)

£698.9m

Cash flow from
operating activities⁽³⁾

£109.2m +10%

£99.3m

Basic earnings per share

40.1p (90%)

385.4p

Highlights

- Revenue growth of 10%, reflecting new stores and an additional three months of Armadillo (acquired 1 July 2021)
- Like-for-like store revenue is up 7%, mainly from increases in average achieved rents
- Like-for-like occupancy decrease of 2.0 ppts to 84.0% (March 2022: 86.0%). Closing occupancy, reflecting the additional capacity from five recently opened stores, is down 2.8 ppts
- Like-for-like average achieved net rent per sq ft increased by 10% year on year, like-for-like closing net rent up 9% from March 2022
- Overall store EBITDA margin increased to 71.8% (2022: 71.1%)
- Cash flow from operating activities (after net finance costs and pre-working capital movements) increased by 10% to £109.2 million
- Adjusted profit before tax up 10% to £106.0 million, EPRA earnings per share up 8% to 56.5p
- 45.2 pence per share full year dividend, an increase of 8%
- Statutory profit before tax of £75.3 million, down from £698.9 million in the prior year, which included a revaluation surplus of £597 million. This year open store valuations were up 1%, offset by write-downs on development assets, resulting in a deficit of £30 million
- Refinancing of £120 million seven-year M&G loan and new longer-term \$225 million shelf facility with Prico Private Capital
- SBTi targets externally verified, £4.7 million invested in solar retro-fit, 53 stores now have solar with a 94% increase in capacity in the year to 4.5 Megawatts

Investment in new capacity

- 193,000 sq ft of capacity added in the year, with two new stores opened in London (Harrow and Kingston North), and an operating store acquired in Aberdeen
- Acquisition of freehold property on Old Kent Road, London taking the pipeline to 11 development sites of approximately 0.9 million sq ft (15% of current MLA), of which nine are in London, and 1.2 million of fully built unlet space available
- Further progress to reduce our short leasehold exposure on a few remaining stores. Acquisition of freehold sites at Farnham Road, Slough and Staples Corner, London to build replacement stores, and we acquired the freehold of our Oxford store
- Planning consent granted for new stores in Staines (West London) and Farnham Road, Slough; we now have seven pipeline stores with planning
- Initial tenders on our proposed Slough Farnham Road facility have been encouraging and hence we will be commencing on site at Slough this Summer, with further construction starts to follow later in the year, subject to planning and vacant possession

Store metrics

Store Maximum Lettable Area ("MLA")⁽¹⁾

6,292,000 +3%

6,098,000

Closing occupancy (sq ft)⁽¹⁾

5,088,000 (0.4%)

5,107,000

Closing occupancy⁽¹⁾

80.9% (2.8 ppts)

83.7%

Occupancy – like-for-like stores (%)^(1,2)

84.0% (2.0 ppts)

86.0%

Average occupancy⁽¹⁾

83.7% (3.0 ppts)

86.7%

Closing net rent per sq ft⁽¹⁾

£32.48 +9%

£29.92

Like-for-like average net achieved rent per sq ft^(1,2)

£33.31 +10%

£30.35

Like-for-like closing net rent per sq ft^(1,2)

£34.60 +9%

£31.80

⁽¹⁾ See note 33 for glossary of terms.

⁽²⁾ The like-for-like metrics exclude stores opened and acquired in the current and preceding financial years, and the Armadillo stores.

⁽³⁾ See reconciliation in Financial Review.

we are **BIG** on we **SECURITY**

Protecting our customers' possessions is paramount to what we do

We have invested in state-of-the-art security, to provide our customers with peace of mind and to reduce our operational risk.

Security checks and our systems mean we always know who is in our buildings. Every Big Yellow storage room is individually alarmed, and we have staff on site seven days a week with CCTV monitored around the clock.

Customer Security Checks

We carry out identity checks on everyone who stores with us.

Using our Check-in Online digital platform, customers can effortlessly upload security documents and a photo of themselves using their mobile phones at home. This is used by over 90% of our move-ins.

Check-in Online also enables customers to easily submit an inventory of their goods. This assists our teams to ensure possessions are adequately covered with contents protection and prevents any prohibited items being stored.

“The level of security put me at ease and I feel assured that my belongings will be safe whilst they are in store.

(Customer at Big Yellow Watford)

24/7 externally monitored CCTV

Individually alarmed rooms

Customer ID checks

Vigilant staff on site seven days a week

Perimeter fencing

Electronic coded gates

Fire and smoke detection

Prohibited goods list enforced

we are **BIG** on
we **INNOVATION**

Constantly improving the customer experience

Investing in time-saving technology throughout the customer journey enables us to deliver exceptional service.

“ The online check-in system is so user friendly and takes the stress out of the process.

(Big Yellow Balham Customer)

Making storage easy

We understand people often need self storage when going through a stressful life event like moving home, house renovations, going through a separation or starting a business. We lighten the load for our customers wherever we can. This runs through every part of our business from how we design our digital user experience to how we build our stores.

Step 1

We know how difficult it can be to decide how much storage space is needed. Our online size estimator makes it easy for our customers to select the right space, obtain a quote and reserve online.

Step 2

Our digital platform has been designed to enable the customer to check-in online from home, in minutes. Engaging animations hand-hold customers through the storage license and how the service works. We make it quick and easy to upload identity documents, take a security selfie and create a storage inventory.

Step 3

Customers can enjoy a stress-free arrival with our large car parks, loading bays and free use of trolleys to help move their possessions.

Easy PIN access and friendly store teams complete a smooth move-in experience.

A stress-free experience

Online room estimator

to help customers choose the right space

Quote and reserve online

at a click of a button

Packing made easy

with Click and Collect or home delivered boxes and packing materials

Fast onboarding at home

using our Check-in Online platform

Stress free unloading and loading

with our large car parks and trolleys

“ The online tutorial video and electronic signing-in make the moving in process seamless.

(Big Yellow Camberwell Customer)

we are **BIG** on we **SPACE**

Delivering state-of-the-art facilities

We are continuing with our strategy to deliver an unrivalled portfolio of large, purpose-built freehold self storage centres focused on London, the South East and other large urban conurbations. Our customers like our modern, brightly lit stores and the fact they are situated in visible locations, easily accessible from main roads.

Investing in our pipeline

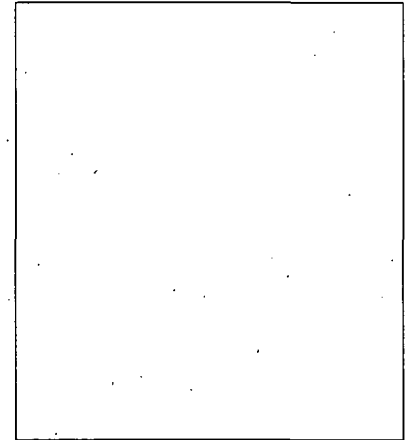
Big Yellow now has a pipeline comprising 11 development sites with a cost to complete of approximately £186 million.

These store openings are expected to add approximately 0.9 million sq ft of storage space to the portfolio, an increase of 15% 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 the 11 store pipeline is approximately £31.5 million, representing an 8.6% return on cost.

Continuing our strategy to reduce our leasehold exposure we have acquired freehold sites at Farnham Road, Slough and Staples Corner in London for replacement stores. We also acquired the freehold of our Oxford store.

Seven of the 13 total new stores (including the replacement stores) have planning and eight are in London.



Our buildings are
purpose-built

We believe in
bright spaces

Stress-free
large lifts and wide corridors

Storage rooms to suit everyone
from wardrobe to warehouse sized spaces

**“Great facilities,
clean and safe with
easy access and
modern security.**

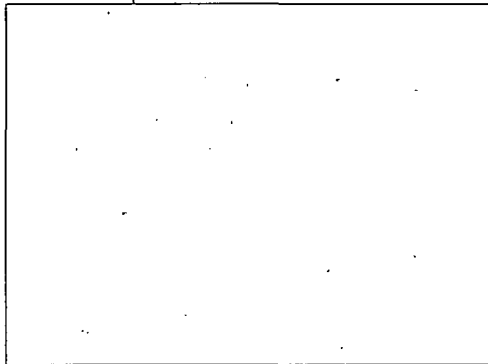
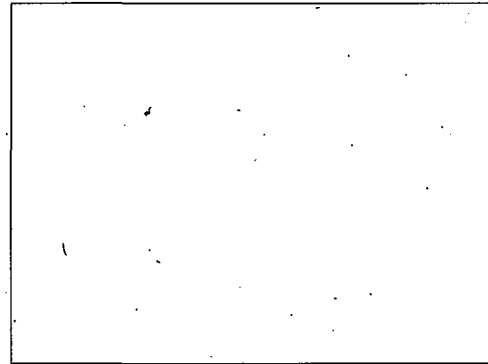
(Big Yellow Uxbridge Customer)

we are **BIG** on **SUSTAINABILITY**

Operating a responsible and sustainable business

Big Yellow is committed to responsible and sustainable business practices. We recognise that corporate social responsibility, when linked to clear commercial objectives, will create a more sustainable business and increase shareholder and customer value.

Projected number of stores with solar by 2030



We currently generate our own solar energy at 53 stores.

Generating Solar Energy

We use the extensive roof space on our stores to generate on-site renewable energy through solar PVs. During the year, we installed solar panels on 25 of the Group's stores.

We have invested £4.7 million on our retrofit programme this year and now have 53 of our buildings with solar PVs installed. We have committed a further £3 million investment over the next 12 months to retrofit solar PVs across a further 12 stores.

We are currently trialling battery technology to help further maximise the use of solar energy to power our buildings.

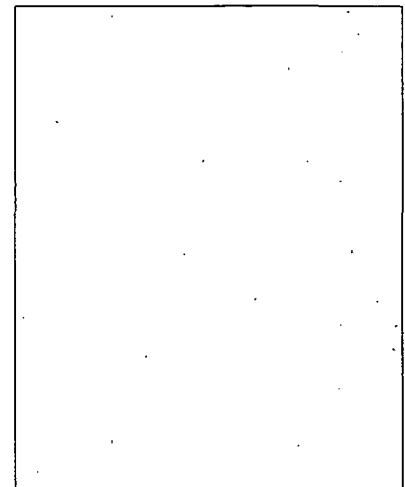
Big Yellow Foundation

Our Foundation supports charities who work with vulnerable adults to help find them sustainable employment. We raise money from our generous customers who are invited to donate when they move-in and move-out from our stores as well as from our own employee fundraising. Big Yellow Group PLC matches every £1 donated.

£204,000 was raised for the Foundation in the year, with £193,000 paid out in grants to the charities.

Local Community and Charity Support

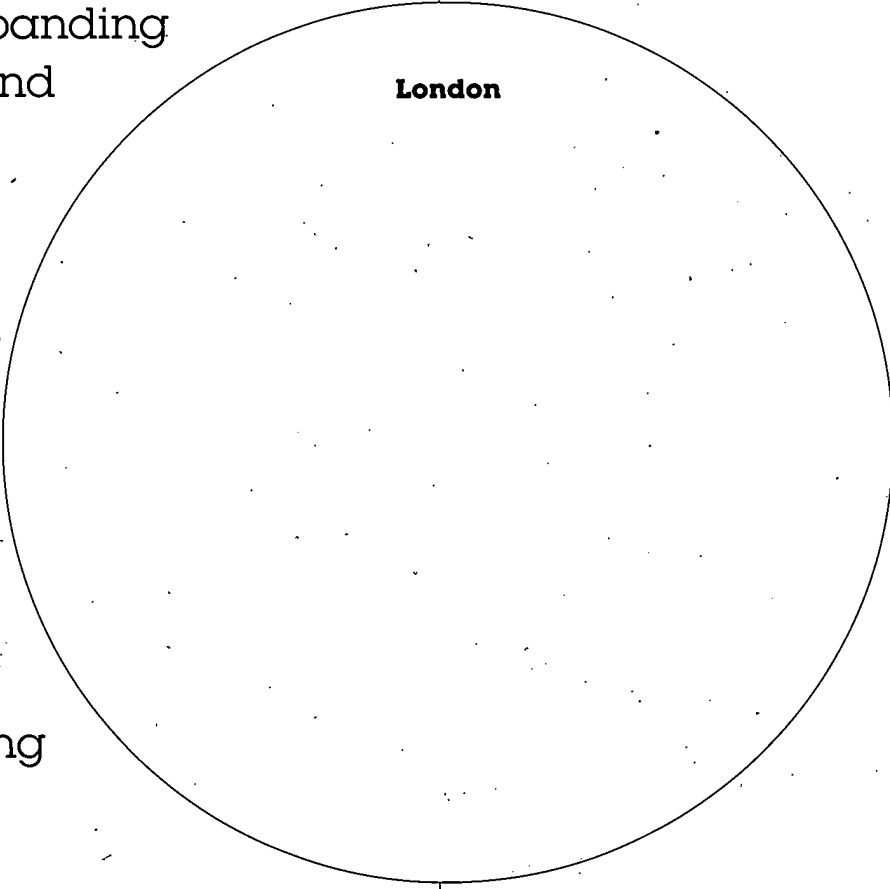
We have a long-term commitment to help the communities we operate in through the donation of storage space. We supplied £267,000 of discounted storage space to 200 charities, of which £255,000 was free of charge.



we are **BIG** on we **LOCATION**

With 108 stores nationwide, we want to keep expanding our national reach and now have 11 stores in the development pipeline.

In the year we opened Harrow, with a maximum lettable area of 82,000 sq ft, Kingston North (56,000 sq ft) and acquired an operating store in Aberdeen (53,000 sq ft).

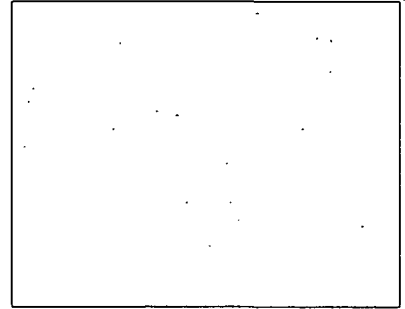


London

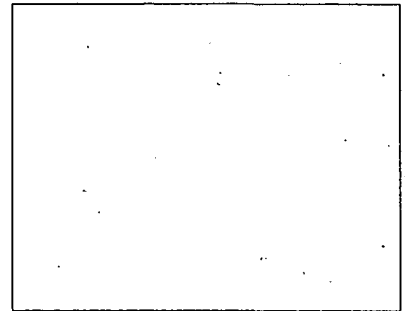
New stores



Harrow,
September 2022



Kingston North,
September 2022



Aberdeen,
June 2022

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 2023.

We are pleased to have delivered these results despite an increasingly familiar year of macroeconomic, political and geopolitical volatility. Our pricing models to new and existing customers have successfully mitigated the impacts of higher inflation, delivering improved average achieved rents, which have been the main driver of revenue growth. Underpinning our resilience is our core strategy to invest significantly in the London market, which has seen the strongest performance, driven by both domestic and business customers, over the last year. We have also been successful in controlling overall increases in store operating expenses to 4% on a like-for-like basis, resulting in improved operating margins.

We have also continued to invest in our business with the acquisition of an operating store in Aberdeen, a property in a strategic location on the Old Kent Road, London, and have opened a further two stores in Harrow and North Kingston. Since the onset of the pandemic, the Group has opened eight new stores, which, coupled with the acquisitions of Aberdeen and the remaining 80% interest in Armadillo have increased the Group's MLA by 1.6 million sq ft, or 34%. These new stores have been an important contributor to our overall revenue growth of 10% for the year and we have 1.2 million sq ft of fully built unlet space in the existing portfolio.

Financial results

Revenue for the year was £188.8 million (2022: £171.3 million), an increase of 10%. Like-for-like store revenue growth (see note 33) was 7% driven by improvements in average net rent. Like-for-like store revenue excludes new store openings and acquired stores (including the remaining interest of Armadillo portfolio which we acquired in July 2021, and Aberdeen acquired in June 2022).

Store revenue for the fourth quarter was £46.1 million, an increase of 6% from £43.6 million for the same quarter last year.

The business continues to be highly cash generative, with operating cash flow (after net finance costs and pre-working capital movements) increasing by £9.9 million (10%) to £109.2 million for the year (2022: £99.3 million).

We are very proud to have delivered adjusted profits in excess of £100 million for the first time since the business was founded nearly 25 years ago. The adjusted profit before tax in the year was £106.0 million up 10% from £96.8 million in 2022. EPRA earnings per share increased by 8% to 56.5p (2022: 52.5p) with an equivalent 8% increase in the dividend per share for the year.

The Group's statutory profit before tax was £75.3 million, a decrease of 89% from £698.9 million in the prior year. There was a very significant increase in the valuation of our investment portfolio last year, and this year the valuations have remained relatively flat, with an increase of 1% on the open store portfolio. However, the overall portfolio valuation is down by £30 million, as a result of a £57.5 million reduction in the value of our industrial property and land without self storage planning in the development pipeline, reflective of the new financing conditions and wider market environment for land. The Financial Review and note 15 contains further details on the Group's investment property valuation.

Investment in new capacity

In June 2022 the Group acquired an existing self storage centre in Aberdeen for £10 million, and this together with the new stores opened in Harrow and Kingston North (both in London) added 191,000 sq ft to the Group's capacity.

A key aspect of the Big Yellow strategy is that our portfolio is to build, or acquire high quality freehold stores to drive higher operating margins, with the business not subject to continual increases in industrial rent liabilities, and to have control of all aspects of our estate. We are therefore pleased to have continued this with the following three additional investments in the last year as follows:

- we acquired a prime site on Farnham Road in Slough, which now has planning for a 62,000 sq ft self storage centre. As part of this transaction, the Group has also agreed to the surrender of the lease on its existing similar capacity Slough store. We are currently out to tender, and expect to start construction this Summer, with an opening in 2024, at which point customers from the existing store will be transferred and the lease surrendered;
- in December we acquired a 2.1 acre freehold site in Staples Corner, London for £13.25 million. The site is located close to our existing leasehold 112,000 sq ft store at Staples Corner and is currently let on a short-term basis. Our intention is to seek planning consent for a 130,000 sq ft store on the new site. Following construction of the new store, we will transfer the customers from the existing store to the new location, and then seek to assign the lease; and
- we acquired the freehold of our Oxford store for £13.5 million in September. The 1.8 acre site includes two small industrial trade units, which will provide vacant possession in 2030 and the opportunity to intensify the use.

After a 15 year search, the Group acquired a freehold property on Old Kent Road, London. The property, currently let to Iceland Foods, has a passing rent of £388,000 with six years remaining on their lease. We will be seeking planning consent for a 75,000 sq ft self storage centre on the site. This is a medium-term strategic opportunity in an area of London going through significant regeneration. The timing of construction and opening is dependent on planning and vacant possession.

On the planning front, we have secured a resolution to grant planning consent for an approximately 65,000 sq ft self storage centre and approximately 100,000 sq ft of capacity across nine industrial units, at our site in Staines.

We are currently on site constructing our new store in Kings Cross which opens in June 2023. In May 2022, we decided to put on hold any future construction commitments, given the uncertainties around pricing in the construction market and our need to secure fixed price contracts. That decision appears to have been opportune; conditions in the construction market are improving to our benefit, labour shortages persist, but steel, cladding and other materials are sharply down in cost (albeit from significant increases between 2020 and 2022). Preliminaries and contractor margins have additionally reduced. The recent tender on one of our Slough development sites is encouraging. The Slough store will commence on site this Summer and we will be restarting the roll-out of projects with planning, some of which are subject to vacant possession, later this year.

We now have a pipeline of 11 proposed self storage facilities. These store openings are expected to add approximately 0.9 million sq ft of storage space to the portfolio, an increased capacity of 15%.

The total development cost of these 11 new stores is £366 million, with costs incurred to date of £180 million, and cost to complete of approximately £186 million. We estimate they will generate net operating income at stabilisation of £31.5 million at today's prices, representing an 8.6% return on cost. The replacement stores for Slough and Staples Corner will cost a further £31 million, with Slough Farnham Road starting construction this year, and Staples Corner subject to planning.

Harrow

Much less helpfully, in May 2022 we announced the conditional sale of the industrial scheme at Harrow. The project has been plagued with setbacks including the main contractor falling into administration. The conditions necessary to effect the sale to the prospective purchaser have not been met and therefore the sale will not proceed.

We intend now to retain the asset, complete the outstanding construction works with a newly appointed contractor, with an anticipated completion in August of this year, and proceed with the lettings of the 11 industrial units ourselves. The project shows a healthy surplus value despite it having been a frustrating and costly process, but that said, newly built multi-let industrial unit schemes in London are relatively scarce and we are confident it will therefore generate further value over the next few years.

Capital structure

Net debt is £486.6 million at 31 March 2023, with an average of cost of 4.7%, and interest cover of 7.7 times (2022: 10.5 times). The clear strategy has been to have low relative levels of debt, and reflective of that, a flexible hedging structure, which we will continue.

Dividends

The Group's dividend policy is to distribute a minimum of 80% of full year adjusted earnings per share. The final distribution of PID declared is 22.9 pence per share. This brings the total distribution declared for the year to 45.2 pence per share representing an increase of 8% from 42.0 pence per share last year.

Our people

We continue to believe that any successful business requires the creation of a fully engaged employee culture and this has always been a key focus within Big Yellow. As mentioned earlier, this has been a challenging year, with continued uncertainty, and we know that to deliver such a resilient performance requires highly engaged and motivated people throughout the business.

Customer service and feedback is also a fundamental success factor. Our customer net promoter scores ("NPS") were an average of 78.9 over the year. NPS scores at these levels are highly unusual and a good reflection of the culture of this business.

I would like to thank all of our people for their efforts in contributing to another year of growth.

Outlook

The central question facing Boards, particularly in capital intensive businesses such as real estate, is: does the business model work in a higher interest rate environment? Big Yellow's business model has been built on the assumption of interest rates being higher than the very low levels that persisted following the Global Financial Crisis until last year.

The commitment to relatively low levels of debt and the established flexible debt management strategy remains precisely the same. The floating portion of our debt has proved more costly in recent months but has previously worked to our advantage. Over the cycle, we remain confident that it strikes the right balance.

We will create incremental income through the building of new stores to generate cash on cash returns of 8% or more and the acquisition of existing assets to generate returns of 9% or more.

As always, we make no comment on likely outcomes for the economy, we leave that to the experts. We are, however, confident that the existing platform of stores will continue to provide a resilient stream of income, with scope for increase including from the pipeline of new stores. Most importantly, we believe the business model is fit for purpose in this new environment.

Nicholas Vetch CBE
Executive Chairman

22 May 2023

Chief Executive's Statement

We are pleased to have delivered a set of results that are testament to the underlying resilience of our business.

Trading

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

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

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

People

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

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

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

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

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

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

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

Investment in our operating platform and systems

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

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

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

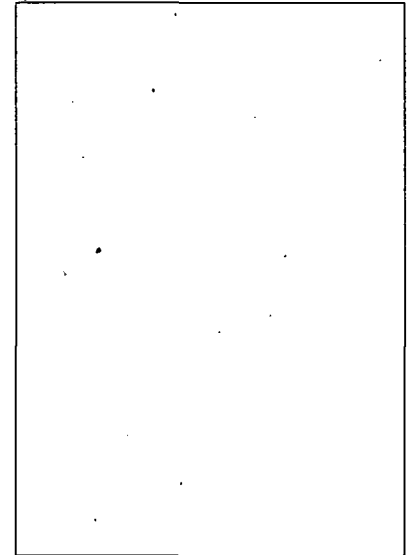
Automation and the use of SaaS programmes are also something we invest in to improve efficiency of many of our centralised functions, and by way of example, the progress we have made in our finance function has allowed us to maintain control of headcount, despite the significant increase in the size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

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

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

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

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



Thinking ahead

The march of automation in business continues, and we have focused on investing in technology to improve efficiency right from when Big Yellow was founded. We have always invested in the security and automation of our stores.

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

Chief Executive's Statement continued

ESG

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

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

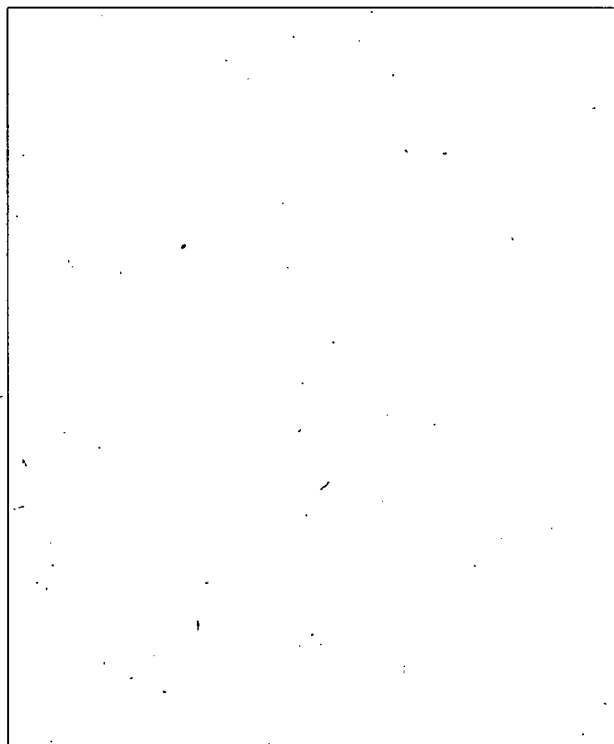
There is an important requirement in relation to the energy efficiency of commercial real estate with a deadline in 2027 for all buildings to have A to C EPC certification. This is increasingly becoming relevant for valuers and indeed purchasers of existing self storage centres. We have recently had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

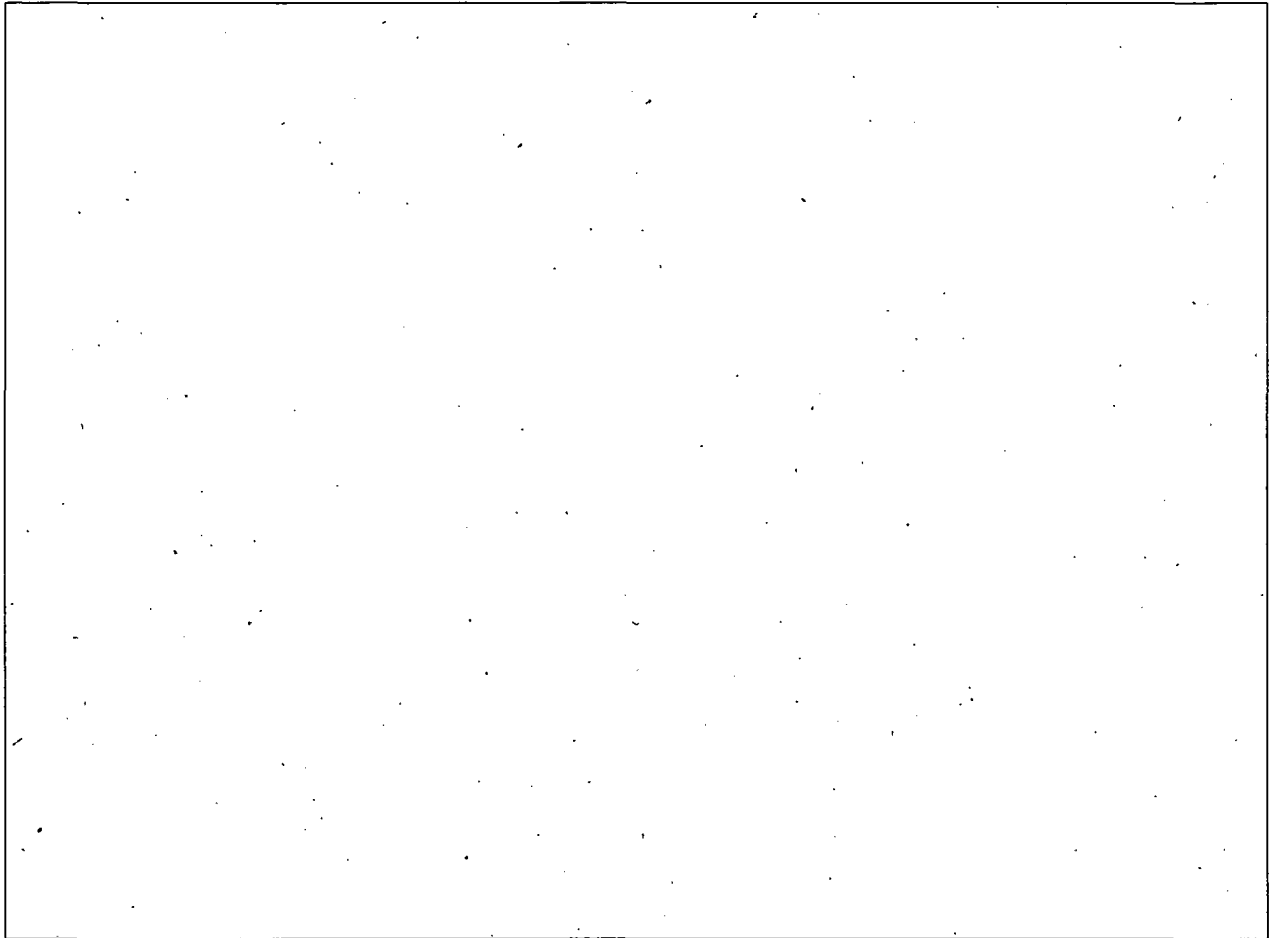
Given the human rights concerns we had around the supplier of our solar panels, with a move to a new Norwegian supplier at the end of 2021, we have this year carried out a Supply Chain Risk assessment and engaged with the top 80% of our value chain. Key areas for consideration were around slavery and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

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

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

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





Summary

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

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

Jim Gibson
Chief Executive Officer

22 May 2023

Strategic Report

Our Strategy

Brand, platform, and customer service

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

Real estate

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

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

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

Creating shareholder value

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

1. New prospects

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

2. Customer satisfaction

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

We focus on the following nine key areas:

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.

3. Driving revenue

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

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

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

Capital structure

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

Self storage demand drivers

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

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

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

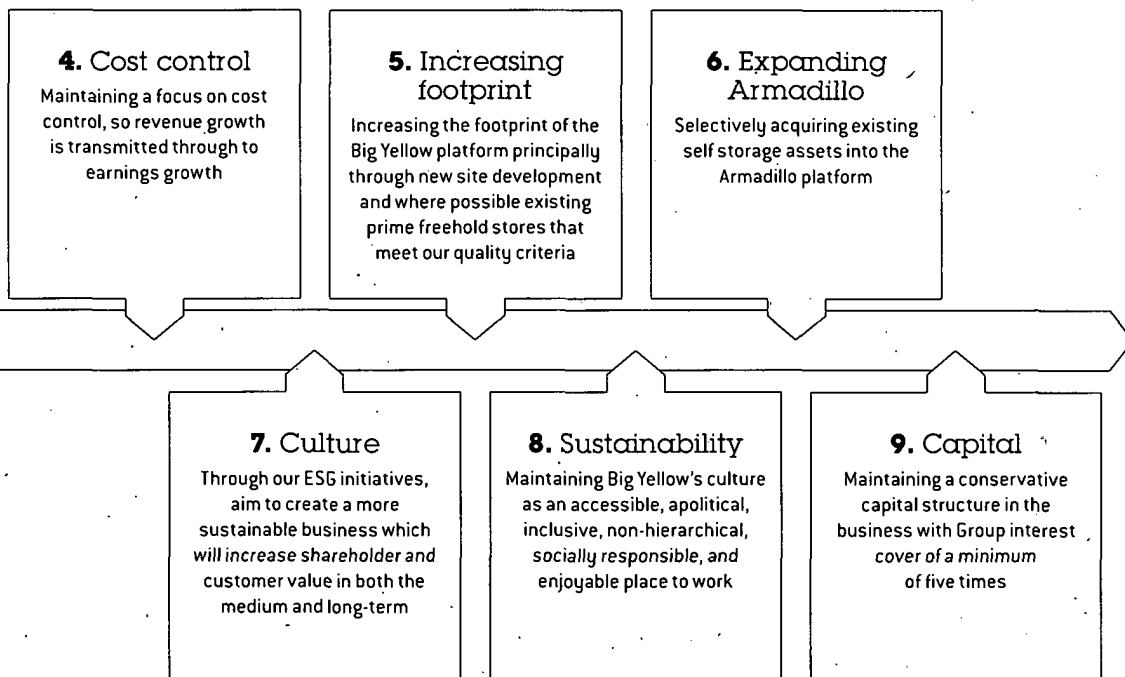
In addition to domestic customers taking space to declutter their homes, our largest customer base is those using us short-term around an event, such as moving home, refurbishment, inheritance, household formation, separation, relocation, and students.

Resilience

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

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

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



Our Investment Case

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

Our values

Helpfulness

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

Empathy

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

Flexibility

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

Innovativeness

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

Integrity

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

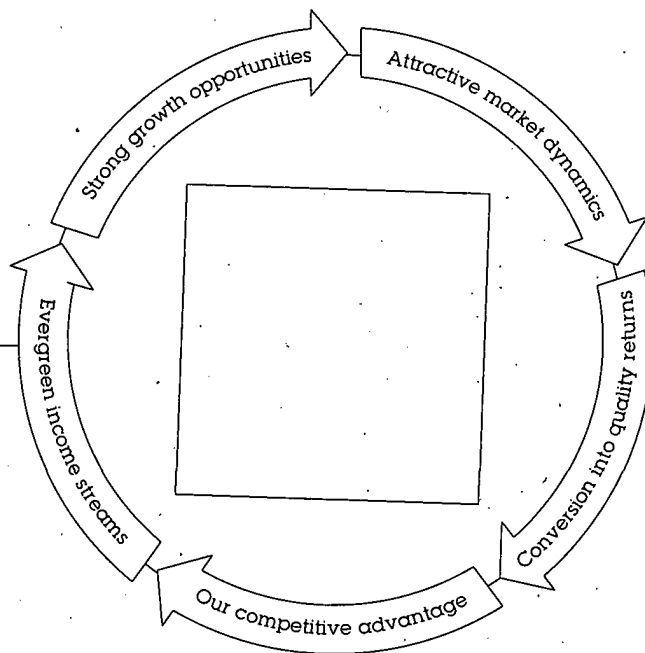
How we deliver value

Attractive market dynamics

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

Our competitive advantage

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



Evergreen income streams

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

Strong growth opportunities

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

Conversion into quality returns

High margins

Freehold assets for high operating margins and operational advantage

Sustainable

Low technology and obsolescence product, maintenance capex fully expensed

Annual compound adjusted eps

14%

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

Cash flow

15%

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

Dividend pay-out

80%

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

Our Key Performance Indicators

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

Closing Occupancy (000 sq ft)

5,088,000 sq ft

+34% over 5 years

Closing net rent per sq ft (£)

£32.48

+19% over 5 years

Revenue (£m)

£188.8m

+51% over 5 years

Adjusted profit before tax (£m)

£106.0m

+57% over 5 years

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

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

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

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

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

Adjusted earnings per share (pence)

56.5 pence

+36% over 5 years

Dividend per share (pence)

45.2 pence

+36% over 5 years

Net Promoter Score

78.9

(0.2%) over 5 years

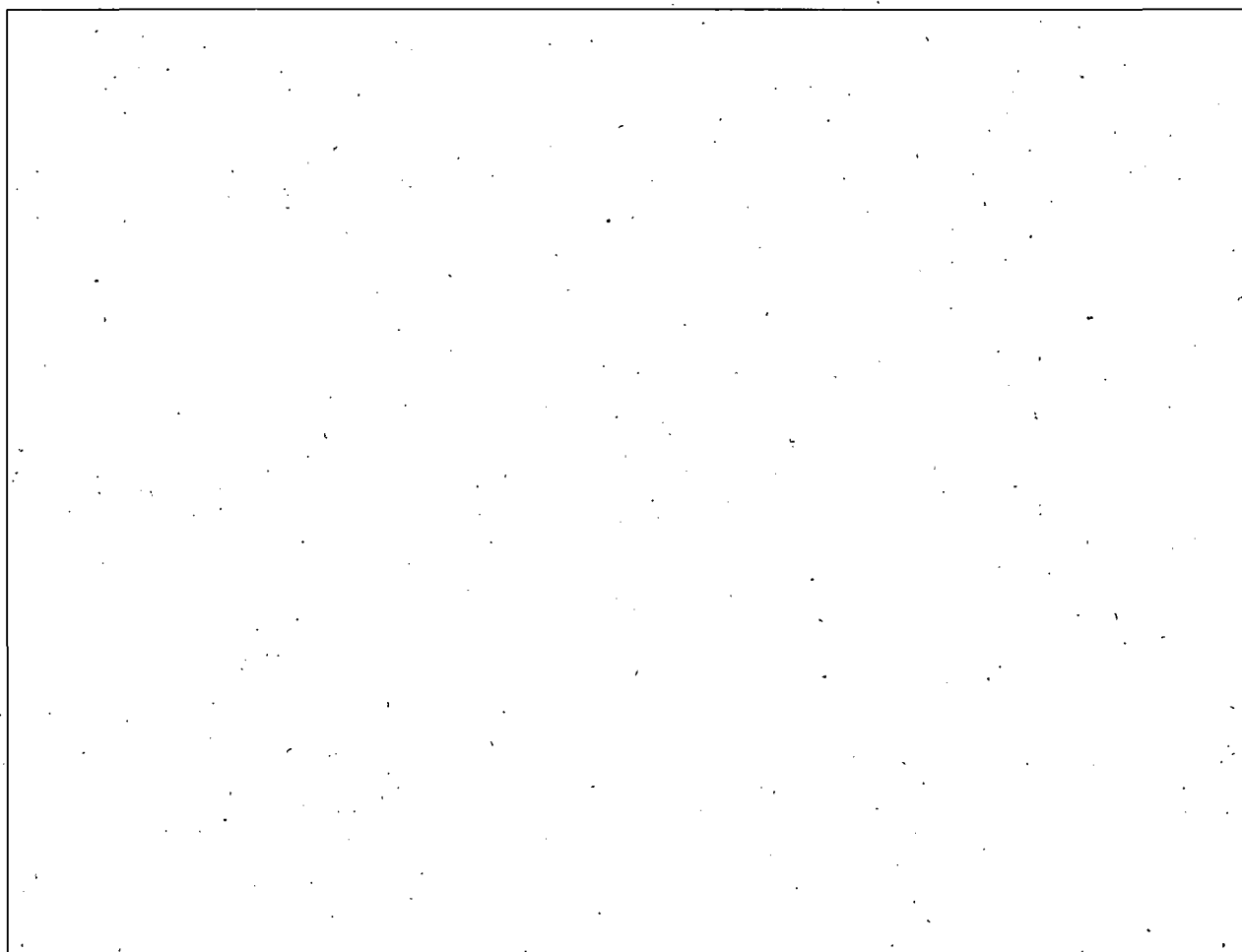
Carbon intensity (per sq m)

5.0 sq m

(32%) over 5 years

Operating Review

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



The store platform and demand

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

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

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

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

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

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

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

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

Activity

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

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

Strategic Report

Operating Review continued

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

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

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

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

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

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

Yield management

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

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

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

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

The self storage market

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

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

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

Marketing and operations

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

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

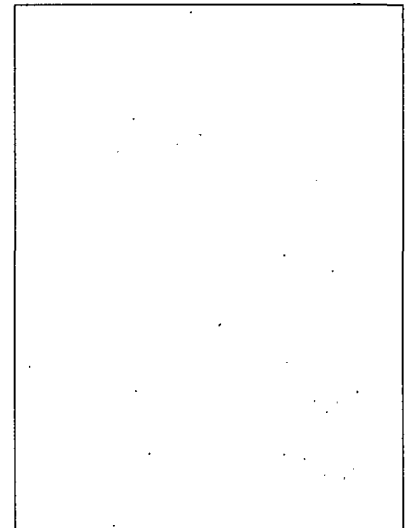
The Big Yellow website allows users to browse different room sizes, obtain a price, reserve online and check-in online prior to arriving at the stores which are automated in terms of access once a customer moves-in.

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

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

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

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



Market leading brand awareness

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

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

Strategic Report

Operating Review continued

Driving online traffic

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

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

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

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

Online customer reviews and social media

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

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

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

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

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

ESG

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

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

The sustainability performance highlights for the year are:

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

Cyber security and IT infrastructure

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

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

Development pipeline

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

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

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

Strategic Report

Portfolio Summary

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

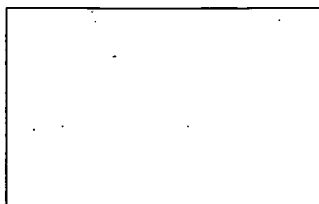
⁽¹⁾ The Big Yellow established stores have been open for more than three years at 1 April 2022, and the developing stores have been open for fewer than three years at 1 April 2022.

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

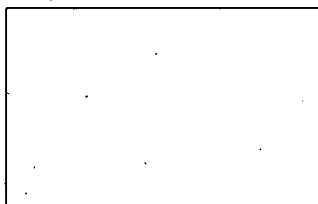
⁽³⁾ See glossary in note 33.

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

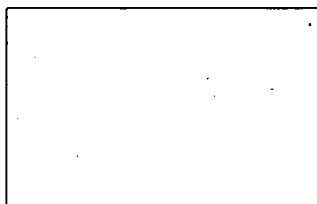
⁽⁵⁾ The Group acquired the 80% of the Armadillo Partnerships that it did not previously own on 1 July 2021. The results of the stores in the Partnerships have been included in the results above for both years to give a clearer understanding of the performance of all stores. The table below shows the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



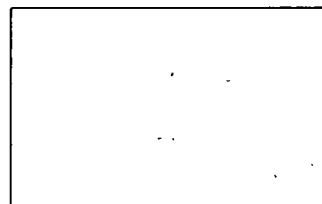
Twickenham 2, April 2016
MLA – 22,000 sq ft



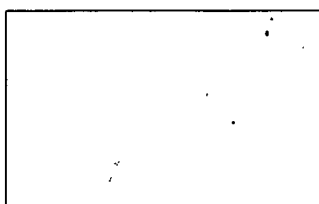
Nine Elms, April 2016
MLA – 65,000 sq ft



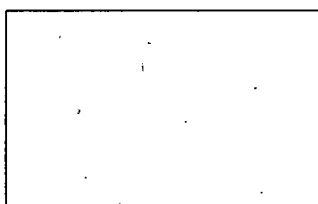
Cambridge, January 2016
MLA – 60,000 sq ft



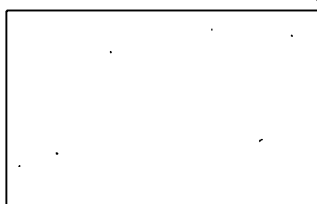
Enfield, April 2015
MLA – 60,000 sq ft



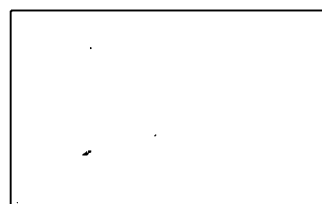
Chester, February 2015
MLA – 69,000 sq ft



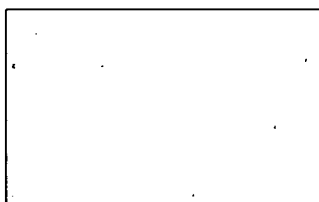
Oxford 2, July 2014
MLA – 35,000 sq ft



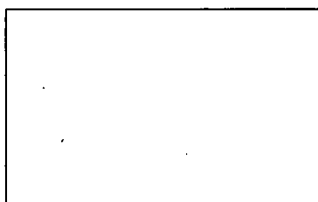
Gypsy Corner, April 2014
MLA – 70,000 sq ft



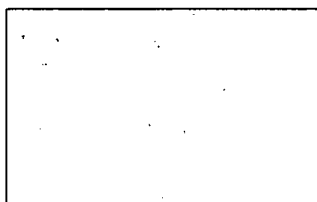
Chiswick, April 2012
MLA – 73,000 sq ft



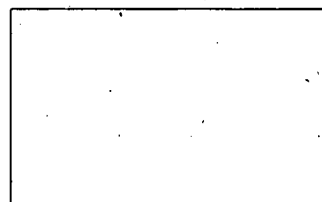
New Cross, February 2012
MLA – 61,000 sq ft



Stockport, September 2011
MLA – 65,000 sq ft



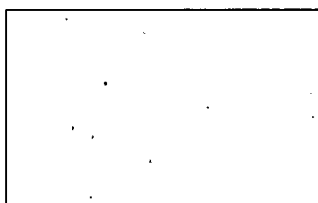
Eltham, April 2011
MLA – 70,000 sq ft



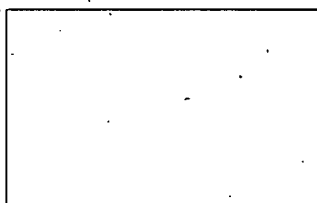
Camberley, January 2011
MLA – 67,000 sq ft



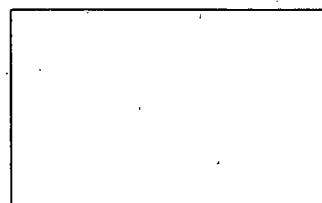
High Wycombe, June 2010
MLA – 60,000 sq ft



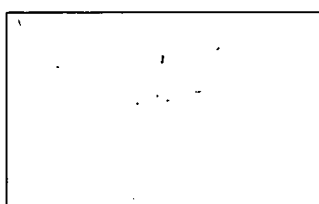
Reading, December 2009
MLA – 62,000 sq ft



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



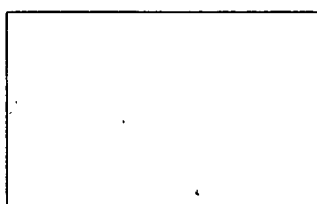
Poole, August 2009
MLA – 55,000 sq ft



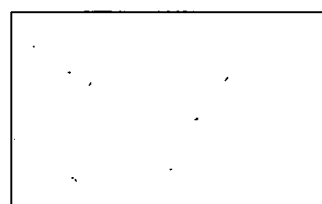
Nottingham, August 2009
MLA – 67,000 sq ft



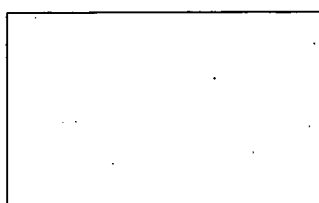
Edinburgh, July 2009
MLA – 63,000 sq ft



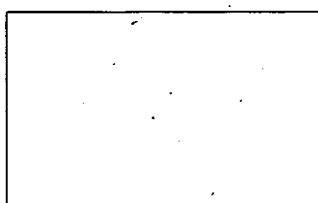
Twickenham, May 2009
MLA – 73,000 sq ft



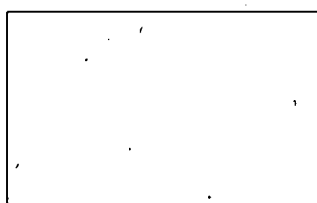
Liverpool, March 2009
MLA – 60,000 sq ft



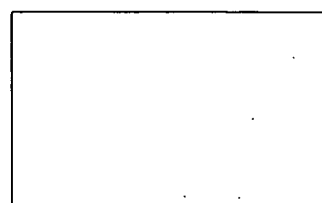
Bromley, March 2009
MLA – 71,000 sq ft



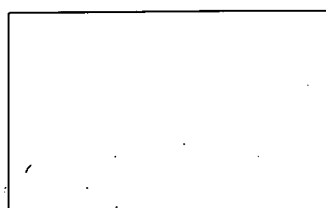
Birmingham, February 2009
MLA – 60,000 sq ft



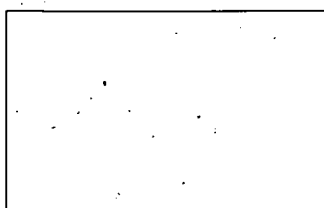
Sheen, December 2008
MLA – 64,000 sq ft



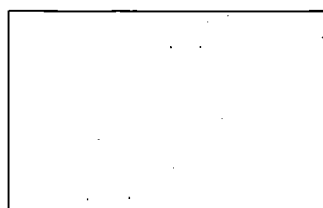
Sheffield Hillsborough, October 2008
MLA – 60,000 sq ft



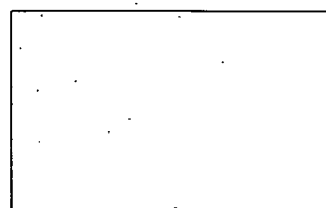
Kennington, May 2008
MLA – 66,000 sq ft



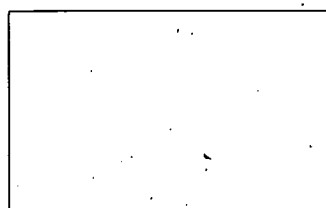
Merton, March 2008
MLA – 70,000 sq ft



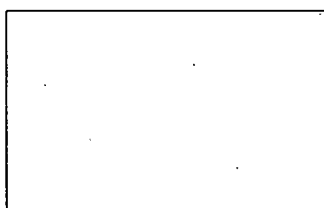
Fulham, March 2008
MLA – 138,000 sq ft



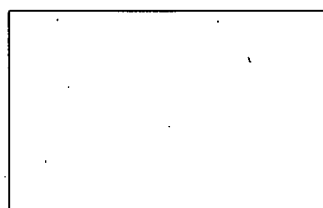
Balham, March 2008
MLA – 61,000 sq ft



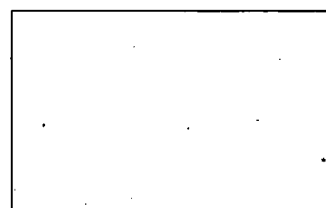
Barking, November 2007
MLA – 64,000 sq ft



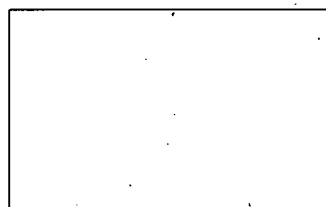
Ealing Southall, November 2007
MLA – 57,000 sq ft



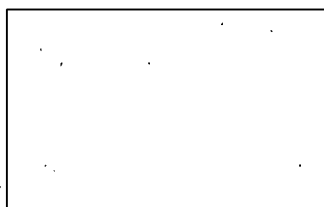
Sutton, July 2007
MLA – 70,000 sq ft



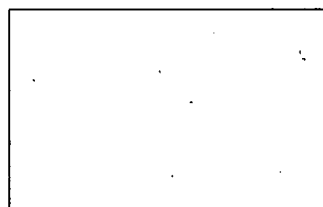
Gloucester, December 2006
MLA – 50,000 sq ft



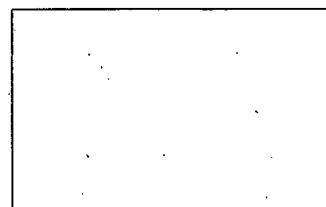
Edmonton, October 2006
MLA – 75,000 sq ft



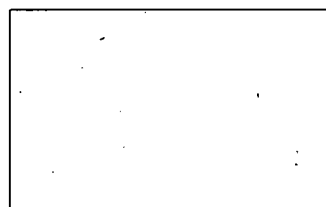
Kingston, August 2006
MLA – 62,000 sq ft



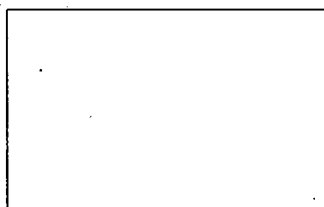
Bristol Ashton Gate, July 2006
MLA – 61,000 sq ft



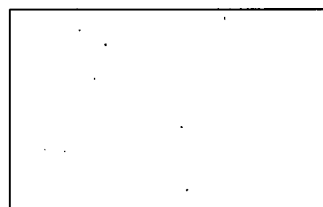
Finchley East, May 2006
MLA – 54,000 sq ft



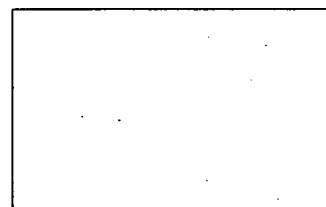
Tunbridge Wells, April 2006
MLA – 57,000 sq ft



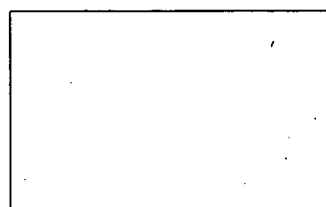
Bristol Central, March 2006
MLA – 64,000 sq ft



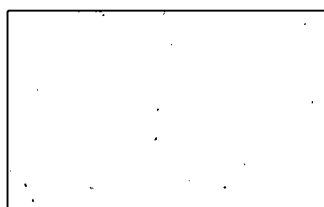
North Kensington, December 2005
MLA – 50,000 sq ft



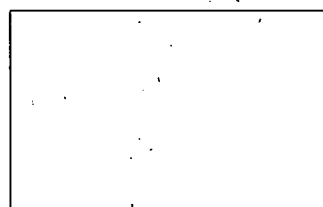
Leeds, July 2005
MLA – 76,000 sq ft



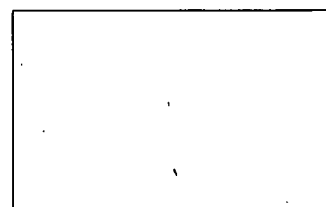
Beckenham, May 2005
MLA – 71,000 sq ft



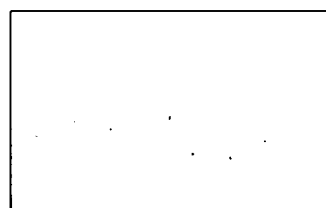
Tolworth, November 2004
MLA – 56,000 sq ft



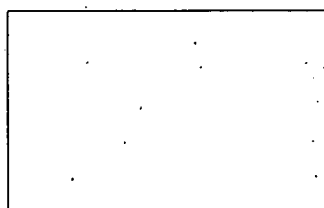
Watford, August 2004
MLA – 64,000 sq ft



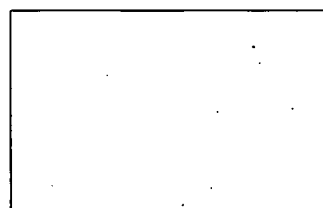
Swindon, April 2004
MLA – 53,000 sq ft



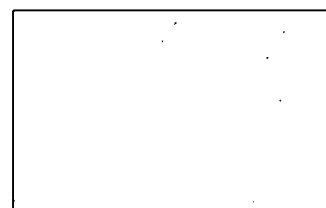
Orpington, December 2003
MLA – 64,000 sq ft



Byfleet, November 2003
MLA – 48,000 sq ft



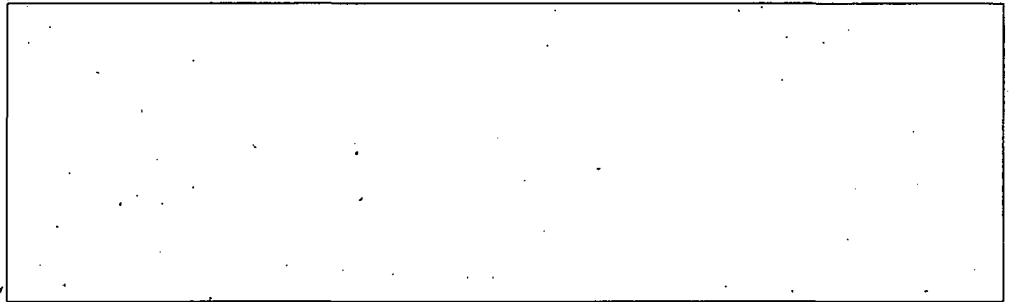
Chelmsford, April 2003
MLA – 54,000 sq ft



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

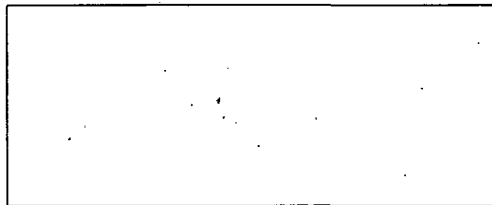
Our Big Yellow Stores

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



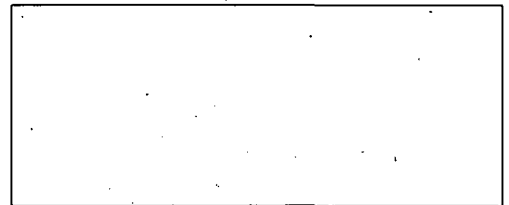
Kingston North, September 2022

MLA – 56,000 sq ft



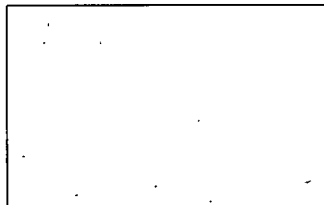
Harrow, September 2022

MLA – 82,000 sq ft



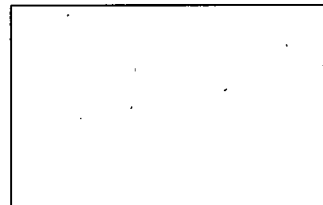
Aberdeen, June 2022

MLA – 54,000 sq ft



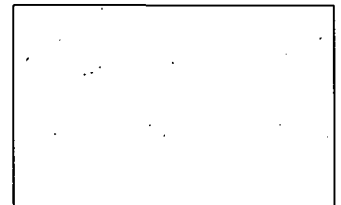
Hove, March 2022

MLA – 58,000 sq ft



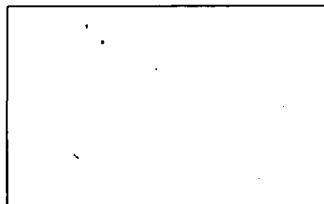
Hayes, January 2022

MLA – 73,000 sq ft



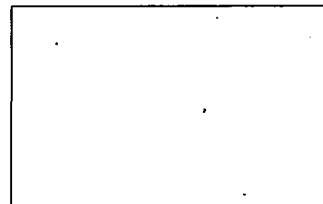
Uxbridge, June 2021

MLA – 54,000 sq ft



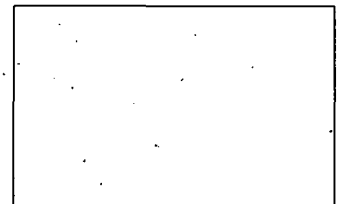
Battersea, November 2020

MLA – 70,000 sq ft



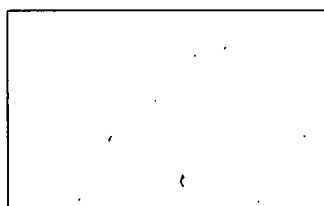
Bracknell, September 2020

MLA – 59,000 sq ft



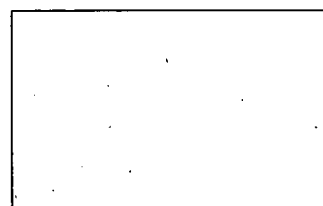
Camberwell, July 2020

MLA – 75,000 sq ft



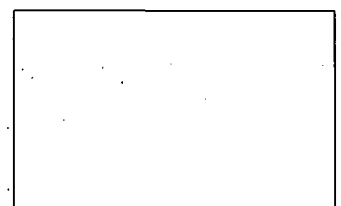
Manchester, May 2019

MLA – 60,000 sq ft



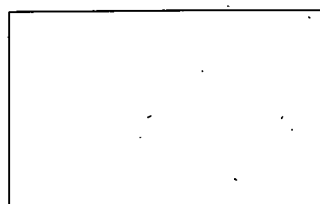
Wapping, July 2018

MLA – 26,000 sq ft

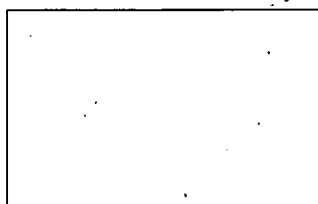


Guildford Central, March 2018

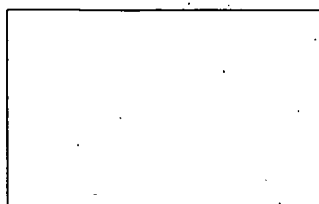
MLA – 55,000 sq ft



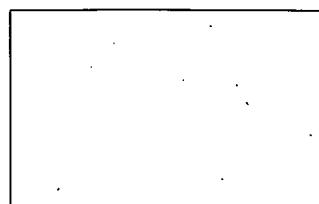
West Norwood, January 2003
MLA – 57,000 sq ft



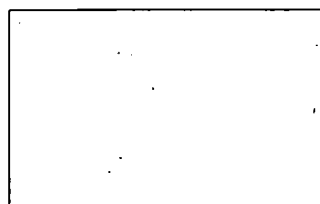
Colchester, December 2002
MLA – 54,000 sq ft



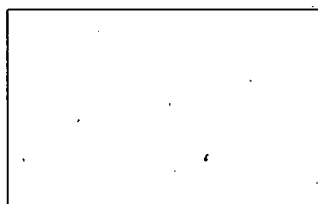
Bow, November 2002
MLA – 132,000 sq ft



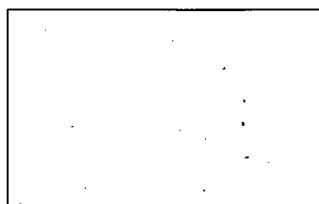
Brighton, October 2002
MLA – 59,000 sq ft



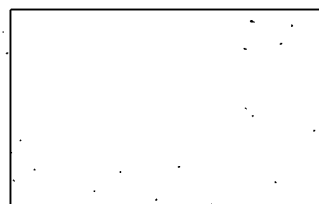
Guildford Slyfield, June 2002
MLA – 55,000 sq ft



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



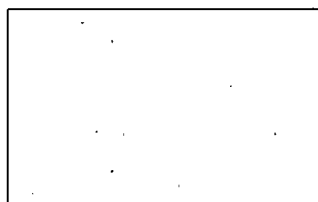
Hounslow, December 2001
MLA – 54,000 sq ft



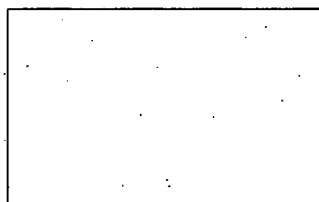
Ilford, November 2001
MLA – 58,000 sq ft



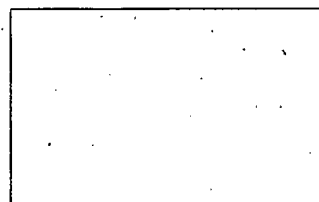
Cardiff, October 2001
MLA – 74,000 sq ft



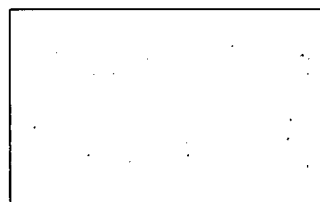
Portsmouth, October 2001
MLA – 61,000 sq ft



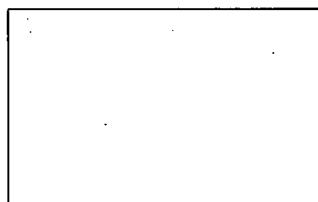
Norwich, September 2001
MLA – 47,000 sq ft



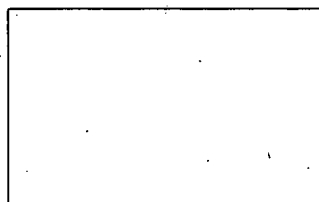
Dagenham, July 2001
MLA – 51,000 sq ft



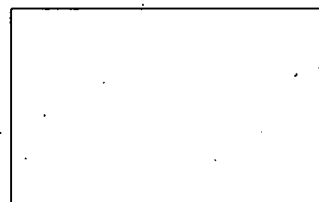
Wandsworth, April 2001
MLA – 72,000 sq ft



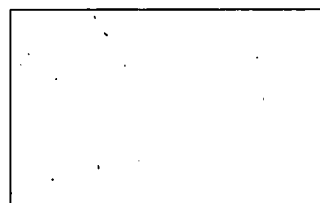
Luton, March 2001
MLA – 41,000 sq ft



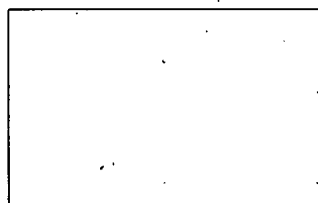
Southend, March 2001
MLA – 57,000 sq ft



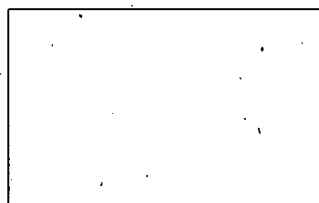
Staples Corner, March 2001
MLA – 112,000 sq ft



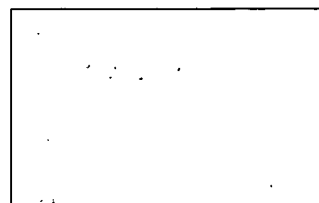
Romford, November 2000
MLA – 70,000 sq ft



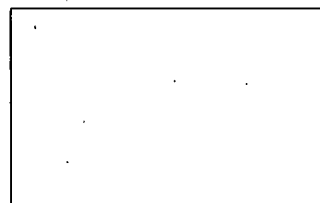
Milton Keynes, September 2000
MLA – 60,000 sq ft



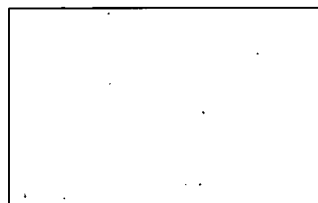
Cheltenham, April 2000
MLA – 50,000 sq ft



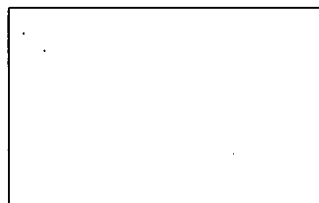
Slough, February 2000
MLA – 67,000 sq ft



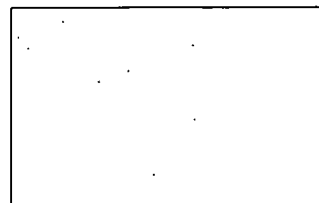
Hanger Lane, October 1999
MLA – 66,000 sq ft



Oxford, August 1999
MLA – 33,000 sq ft



Croydon, July 1999
MLA – 79,000 sq ft



Richmond, May 1999
MLA – 35,000 sq ft

Portfolio Summary continued

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

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

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

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

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

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

Reconciliation of APMs

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

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

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

⁽⁹⁾ See glossary in note 33.

Strategic Report

Financial Review

Revenue

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

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

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

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

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

Operating costs

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

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

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

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

- Staff costs have increased by £1.1 million (8%) with store numbers and the salary review of on average 5% (including a 7% increase to those at the lower end of the pay scale).

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

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

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

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

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

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

Store EBITDA

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

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

Administrative expenses

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

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

Other operating income

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

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

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

Interest expense on bank borrowings

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

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

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

Strategic Report

Financial Review continued

Profit before tax

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

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

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

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

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

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

REIT status

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

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

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

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

Taxation

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

Dividends

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

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

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

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

Cash flow growth

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

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

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

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

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

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

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

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

Balance sheet

Property

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

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

Strategic Report

Financial Review continued

Investment property

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

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

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

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

Investment property under construction

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

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

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

Purchaser's cost adjustment

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

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

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

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

Receivables

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

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

Net asset value

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

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

Borrowings

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

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

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

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

The Group's revolving credit facility of £240 million with Lloyds, HSBC and Bank of Ireland expires in October 2024. The Group intends to refinance this loan with the banks this year.

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

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

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

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

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

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

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

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

Share capital

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

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

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

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

Principal Risks and Uncertainties

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

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

Risk and impact	Mitigation	Change during the year and outlook
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, awareness increased during the pandemic. The rate of growth of branded self storage on main roads in good locations has historically been limited by the difficulty of acquiring sites at affordable prices and obtaining planning consent. New store openings in London and other large urban conurbations within the sector have slowed significantly over the past few years. Our performance during the past three years has been strong with revenue growing by 46% from £129.3 million in the year ended 31 March 2020 to £188.8 million for this year. We believe that this performance is due to a combination of factors including: – a high quality and growing portfolio of freehold properties delivering higher operating margins; – a focus on London and the South East and other large urban conurbations, where the drivers in the self storage market are at their strongest and the barriers to competition are at their highest; – continuing innovation and automation; – an inclusive and non-hierarchical culture with a highly engaged team; – a focus on delivering the highest levels of customer service; – delivering on our strong ESG commitments; – the UK's leading self storage brand, with high and growing public awareness and online strength; and – strong cash flow generation from a secure capital structure. We have a large current storage customer base occupying approximately 73,000 rooms spread across the portfolio of stores and hundreds of thousands more who have used our stores over the years. In any month, customers move in and out at the margin resulting in changes in occupancy. This is a seasonal business and typically we see growth over the spring and the summer months, with the seasonally weaker period being the winter months.	The Russian invasion of Ukraine in February 2022 caused significant global uncertainty and has provided a more challenging macroeconomic backdrop, with significant levels of inflation seen in the UK economy since the invasion, largely driven by food and energy, resulting in increased interest rates. This has impacted the cost of living in the UK, and the level of housing transactions has fallen as the cost of mortgages has increased. In the final quarter of the year, we also had the impact of the regional banking crisis in the US and the collapse of Credit Suisse, which can also impact demand in our market at the margin. Inflation is forecast to moderate over the next 12 months, with relatively flat economic growth projected for the UK economy. Governments around the world took on significant additional debt to fund the policy responses to the pandemic, and this may result in higher taxation rates in the future.

Risk and impact	Mitigation	Change during the year and outlook
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 is increasingly dependent on Social or Environmental enhanced features (e.g. social enterprise at Battersea, BREEM standards, local planners demands for green spaces) – adding cost and complexity.	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 during the year, which has reinforced our current approach, but also given some areas where further efficiencies and cost savings can be achieved.	The Group has acquired eleven sites over the past four years, taking its total pipeline to 13 sites which, when opened, would expand the Group's current MLA by 15%. 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. We currently have planning consent on seven of the 13 development sites. Our latest tender for our store in Farnham Road Slough has come in within our underwriting as a result of moderating steel and other materials costs and reduced contractor margins since we suspended new construction last May. It is therefore our intention to restart our construction programme from this Summer.
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.	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 73,000 rooms currently occupied in our stores for a wide variety of reasons. There is significant headroom on our loan to value banking covenants.	The revaluation surplus on the Group's open store investment properties was £27.6 million in the year (an uplift of 1%), due to an improvement in underlying cash flows used in the valuations, partly offset by an outward shift in cap rates. There have been a number of larger portfolio transactions across Europe over the past three years, and there is a weight of institutional money looking to invest in self storage. Notwithstanding the above, the increase in interest rates over the year led to the outward shift in cap rates, which was more pronounced in more regional markets.

Strategic Report

Principal Risks and Uncertainties continued

Risk and impact	Mitigation	Change during the year and outlook
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 5 and half years remaining. The Group has a £120 million loan from M&G Investments, which is repayable in 2029. For our bank debt, we borrow at floating rates of interest. During the year, the Group signed a \$225 million credit approved shelf facility with Pricoa Private Capital ("Pricoa"), to be drawn in fixed sterling notes. The Group can draw the debt in minimum tranches of £10 million over the next two and a half years with terms of between 7 and 15 years at short notice, typically 10 days. Our policy is to maintain a flexible borrowing structure, with a long-term average of approximately 50% of our total borrowings fixed, with the balance floating. At 31 March 2023 39% of the Group's total drawn borrowings were fixed or subject to interest rate derivatives. The Group reviews its current and forecast projections of cash flow, borrowing and interest cover as part of its monthly management accounts. In addition, an analysis of the impact of significant transactions is carried out regularly, as well as a sensitivity analysis assuming movements in interest rates and store occupancy on gearing and interest cover. This sensitivity testing underpins the viability statement below. 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.	The Bank of England base rate has been increased significantly during the year, with it currently at 4.5%, up from 1% at the start of our financial year. The long-term forecast is for rates to gradually fall from these levels. 61% of the Group's drawn debt is floating, and hence the Group has experienced additional cost from these recent increases in the base rate. Debt providers currently remain supportive to companies with a strong capital structure, as evidenced by the Group refinancing the M&G loan during the year, and the Pricoa shelf facility that we put in place. The Group's interest cover ratio for the year ended 31 March 2023 was 7.7 times, comfortably ahead of our internal target of 5 times and ahead of our banking covenants, as disclosed in note 19. The ratio fell during the year, due to the rise in interest costs.
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's like-for-like property rates bill for the year ending 31 March 2024 has increased by 19% from the prior year, with the 2023 rating list reflecting the rise in industrial rents over the past few years. The corporation tax rate was increased in the March 2021 budget, to take effect from April 2023, and there is a risk that tax rates will rise further in the medium-term to fund the increased government deficits that have arisen from the policy response to the pandemic.

Risk and Impact	Mitigation	Change during the year and outlook
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.	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 listened to the feedback from our employees raised during our engagement survey and made a number of changes to the Group's operations, including two days a week working from home for our head office team, reducing our store opening hours and the payment of a lone trading bonus for store staff. We are carrying out a further survey of our staff in May 2023.
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, including the risk of a data breach.	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. 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.	The Group has a crisis response plan which was developed in conjunction with external consultants to ensure the Group is well placed to effectively deal with a major incident. We experienced a fire caused by arson at our Armadillo Cheadle store in February 2022. Our crisis response team worked effectively in managing the incident.
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 Big Yellow 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 have further invested in security improvements in our stores during the year. We regularly review and implement improvements to our security processes and procedures.

Strategic Report

Principal Risks and Uncertainties' continued

Risk and Impact	Mitigation	Change during the year and outlook
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 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.	The good working order of our stores is of critical importance to our business model. 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 our Net Renewable Energy Positive Strategy and the Net Zero Scope 1 and Scope 2 Emissions Strategy. Our investment to decarbonise our business over the next eight years is expected to mitigate fully against taxation (carbon tax) risk and reputational risks (both investors and customers).	Our Sustainability Committee, chaired by a Non-Executive Director, has delivered an ambitious strategic plan to 2032. We appreciate that both physical and transition risks are expected to materialise to lesser or greater extents over the coming years and costs may go up gradually, hidden within what may be perceived as 'natural variations'. Our focus and strong governance will allow us to continue to mitigate the effects.

Internal audit

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

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

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

Going concern

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

At 31 March 2023 the Group had available liquidity of approximately £32 million, from a combination of cash and undrawn bank debt facilities. The Group additionally has a \$225 million credit approved shelf facility with Pricoa Private Capital to be drawn in fixed sterling notes. The Group can draw the debt in minimum tranches of £10 million over the next two and half years with terms of between 7 and 15 years at short notice, typically 10 days. The Group is cash generative and for the year ended 31 March 2023, had operational cash flow of £112.0 million, with capital commitments at the balance sheet date of £6.1 million.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements, taking into account the Group's operating plan and budget for the year ending 31 March 2024 and projections contained in the longer-term business plan which cover the 18 month period. After reviewing these projected cash flows together with the Group's and Company's cash balances, borrowing facilities and covenant requirements, and potential property valuation movements over that period, the Directors believe that, taking account of severe but plausible downsides, the Group and Company will have sufficient funds to meet their liabilities as they fall due for that period.

The Group's revolving credit facility of £240 million with Lloyds, HSBC and Bank of Ireland expires in October 2024. The Group intends to refinance this loan with the banks this year, but does not rely on the refinancing of the loan to reach its conclusion on going concern.

In making their assessment, the Directors have carefully considered the outlook for the Group's trading performance and cash flows as a result of the current economic environment, taking into account the trading performance of the Group over the recent dislocations in the global economy from Covid-19 and the Russian invasion of Ukraine. The Directors have also considered the performance of the business during the Global Financial Crisis. The Directors modelled several different scenarios, including material reductions in the Group's occupancy rates and property valuations, and assessed the impact of these scenarios against the Group's liquidity and the Group's banking covenants. The scenarios considered did not lead to breaching any of the banking covenants, and the Group retained sufficient liquidity to meet its financial obligations as they fall due.

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

Viability statement

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

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

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

Managing Environmental and Climate Change Risks and Opportunities

TCFD compliance statement

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

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

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

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

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

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

Strategic Report

Managing Environmental and Climate Change Risks and Opportunities *continued*

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

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

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

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

Governance

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

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

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

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

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

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

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

Strategy

Worth noting

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

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

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

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

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

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

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

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

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

Materiality

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

Climate related risks

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

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

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

Importance: ● Low ● Medium ● High

Physical risks

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

Heat stress

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

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

Flooding

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

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

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

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

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

Strategic Report

Managing Environmental and Climate Change Risks and Opportunities continued

Transition risks

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

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

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

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

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

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

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

Climate-related opportunities

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

Climate-related Opportunity	Company Response	Potential Materiality		
		Short-Term ⁽¹⁾	Medium-Term	Long-Term
Growth in demand for renewable energy	Investment into retrofitting existing stores with PV systems	●		
	Aim for all new stores to be fitted with optimal solar capacity in the range of 50kWp-200kWp subject to suitability of store roofs	●	●	●
	Purchasing 100% renewable energy	●		
Growth in solar and battery markets driven by decarbonisation	Investing in solar battery pilot projects to combat export limitations	●	●	
Transition away from fossil fuelled heating and Natural Gas	Investing into retrofitting existing gas boilers with Heat pumps.	●		
Growth of EV transport market	Deploying electric vehicle charges for all new stores	●	●	●

Importance: ● Low ● Medium ● High

⁽¹⁾ Short-term is defined as up to 5yrs, Medium-term is between 5yrs to 10yrs and Long-term is above 10yrs.

Internal processes

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

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

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

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

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

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

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

This is particularly useful for physical risks.

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

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

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

This is particularly useful for transition risks.

Work done to date

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

Work going forward

The following next steps are in place:

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

Strategic Report

Managing Environmental and Climate Change Risks and Opportunities continued

Metrics

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

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

Climate-related risk metrics

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

Climate-related opportunities metrics

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

Targets

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

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

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

Energy Performance Certificates ("EPCs")

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

EPC % by No. of Stores

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

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

⁽⁶⁾ Unchanged from the prior year.

⁽⁷⁾ SUDs stands for Sustainable Urban Drainage.

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

Section 172 Statement

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

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

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

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

Stakeholder engagement

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

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

Further information

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

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

Environmental, Social and Governance Report

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

1. Introduction

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

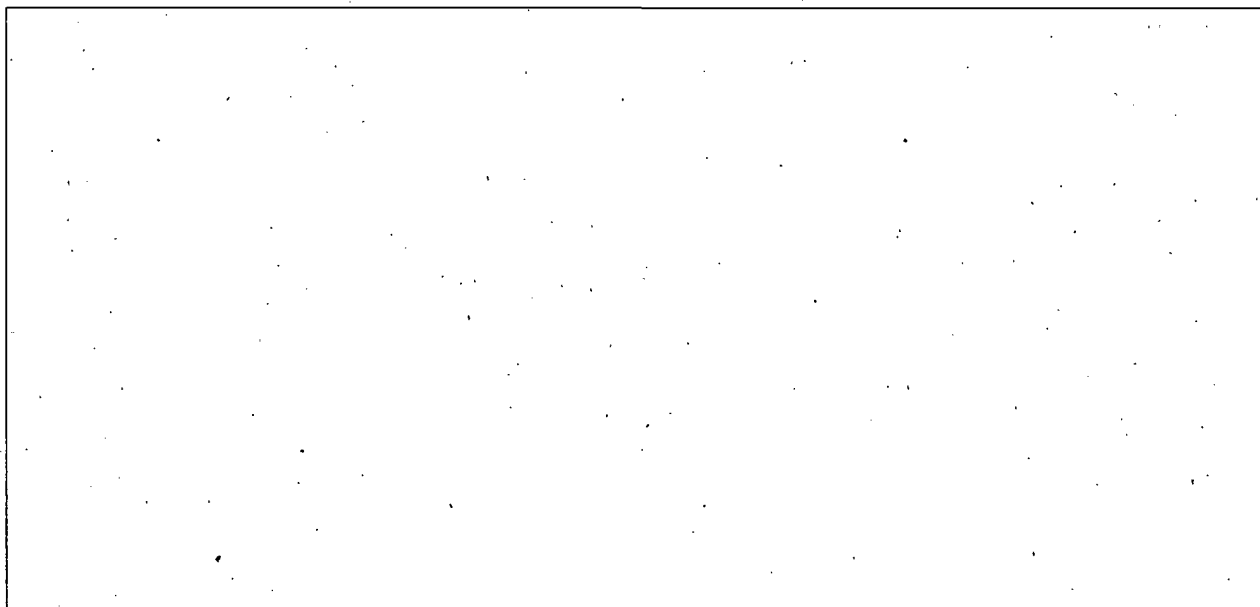
Big Yellow seeks to meet the demand for self storage from businesses and private individuals by providing the storage space for their commercial and/or domestic needs, whilst aiding local employment and contributing to the local community.

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

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

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

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



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

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

2. ESG executive summary

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

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

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

We have completed a rigorous process this year with the Science Based Targets initiative and our targets have now been certified. Our focus will now be working towards meeting the 30 targets over the coming seven years.

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

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

Jim Gibson
Chief Executive Officer

2.1 Highlights

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

2.2 Climate change and our business – our strategy

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

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

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

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

Strategic Report

Environmental, Social and Governance Report *continued***2.3 Sustainability performance overview**

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

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

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

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

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

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

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

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

Strategic Report

Environmental, Social and Governance Report *continued*

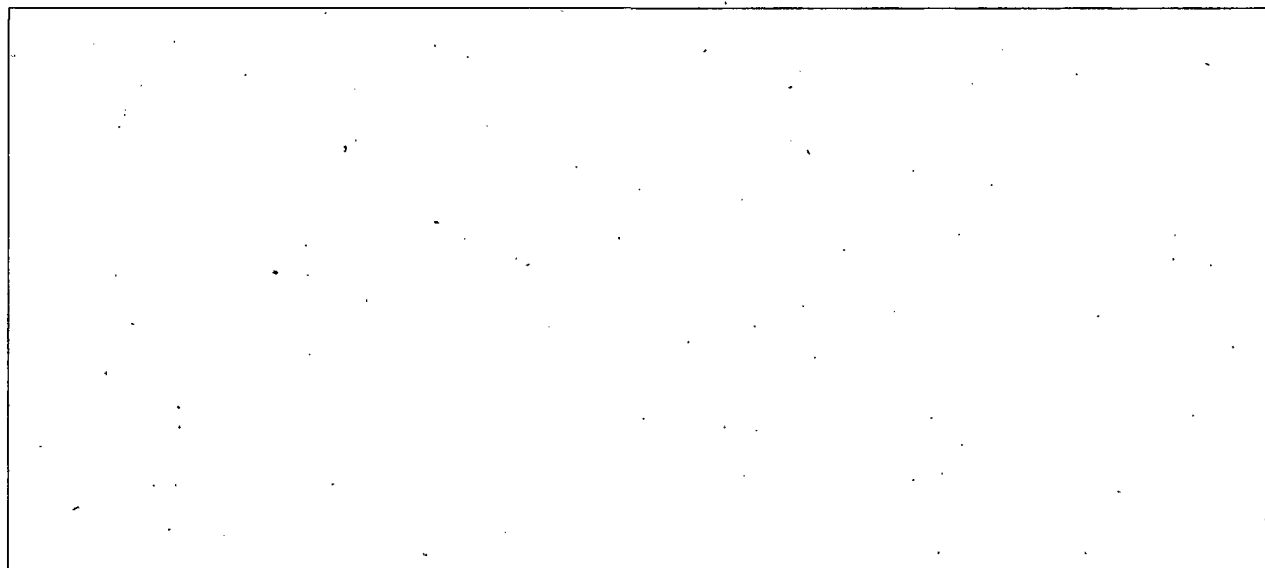
Exceeded
 Achieved
 On track
 Behind target
 Not achieved
 New or modified target

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

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

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

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



3. Our environment

Environmental responsibilities

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

Environmental compliance

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

Approach

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

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

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

Benchmarking and standards

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

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

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

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

Assurance of data

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

Environmental, Social and Governance Report continued

3.1 Highlights

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

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

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

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

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

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

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

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

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

3.3 Energy

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

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

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

Financial benefits of solar generation*

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

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

Notes:

- Total Grid Savings: Solar Payments from Energy Companies = Feed in Tariff + PPA payments. March 23 FIT payments have been estimated using March 22 data as current year not available until 02.
- Supplied UK Network displaced electricity savings = solar generated kWh x 14p Grid kWh charges.

Store portfolio long-term electricity use

The chart below shows how grid bought electricity plus solar energy used in our stores between 2000 and 2023 has changed over time. Please note, as we move to meeting our electricity needs increasingly from solar, the following chart shows the used solar energy from the year ended 31 March 2020 included in the total MWh number.

Long-term store electricity

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

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

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

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

Strategic Report

Environmental, Social and Governance Report *continued*

3.4 Emissions

Highlights

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

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

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

* Indicates data reviewed by SGS.

Carbon intensity of stores and non stores against CLA m²

Note: Armadillo included from 2019/20.

3.5 Water

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

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

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

3.6 Waste

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

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

3.7 Resources use

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

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

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

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

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

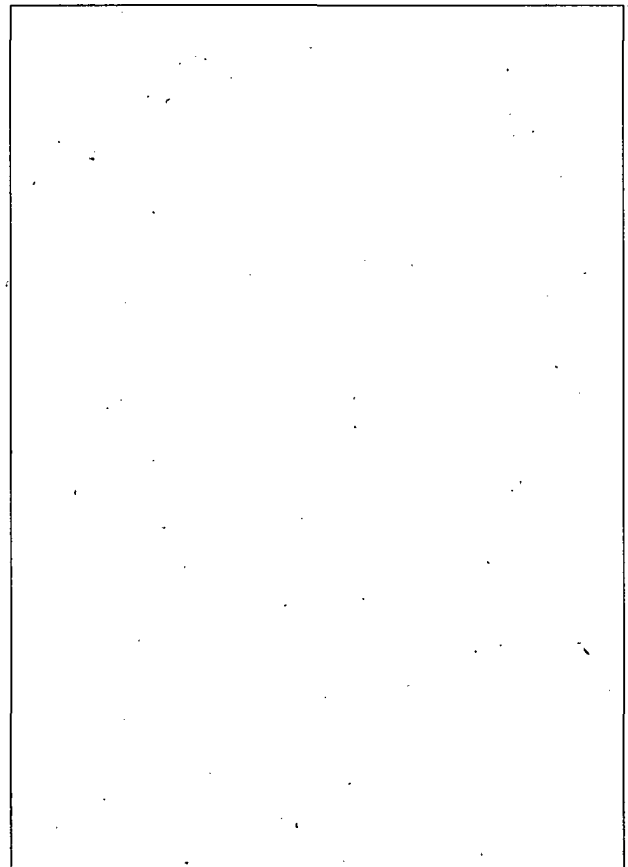
Avoidance of unnecessary waste helps to reduce carbon emissions, minimise waste going to landfill and demonstrates a commitment to sustainability. We have identified 20 processes that involve the printing of paper, totalling around 1.5 million pieces of paper. We have graded each process into difficulty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

3.8 Green store portfolio

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

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

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



Environmental, Social and Governance Report continued

4. Our people

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

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

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

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

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

4.1 Highlights

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

5. Our communities

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

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

5.1 Highlights

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

5.2 Community investments

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

* Indicates data reviewed by SGS.

5.3 Big Yellow Foundation

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

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

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

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

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

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

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

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

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

£204,000

Income raised for the Foundation

£192,500

Paid out to Foundation Charity partners

Strategic Report

Environmental, Social and Governance Report *continued***6. Our customers**

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

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

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

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

7. Our suppliers

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

How we manage our suppliers

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

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

7.2 Supplier payment performance

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

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

6.1 Highlights

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

7.1 Highlights

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

7.3 Supply chain risk

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

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

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

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

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

Scope 3 Footprint

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

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

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

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

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

CDP Supplier Engagement Rating ("SER")

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

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

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

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

Environmental, Social and Governance Report continued

8. Our health and safety

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

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

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

8.1 Highlights

Our health and safety highlights this year as follows:

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

8.2 KPIs

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

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

Store customer, contractor and visitor health and safety

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

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

Notes:

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

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

Year Ended 31 March	2020	2021	2022	2023
Average number of staff ⁽²⁾	361	370	427	465
Number of minor injuries	10	6	16	7*
Number of reportable injuries ("RIDDOR")	0	0	0	0*
AIIR per 100,000 staff	0	0	0	0*

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

⁽¹⁾ Please note this number is provided by the central finance team and audited as part of our third-party financial audit. Any normalising data is not assured by SGS.

⁽²⁾ Average FTE at 31 March 2023 has been used.

Big Yellow construction 'fit-out' health and safety

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

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

9. Benchmarks and standards

9.1 Highlights

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

9.2 Science-based targets

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

Our commitment

Big Yellow Group PLC commits to:

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

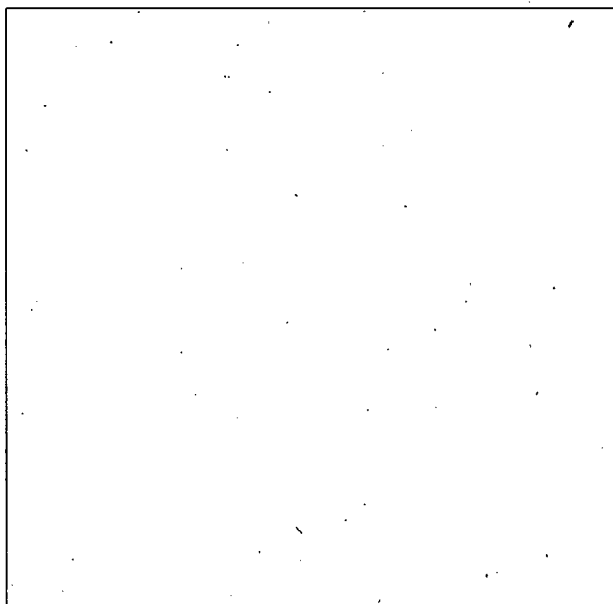
Scope of emission	coverage	Type of target	2020 baseline	2032 target %	2032 target
Scope 1 & 2	100%	absolute	3,160 tCO ₂ e	-70%	948 tCO ₂ e
Scope 3	61.10%	intensity	3.3 kgCO ₂ e /sq ft	-61.1%	1.3 kgCO ₂ e /sq ft

Environmental, Social and Governance Report continued

10. Legislation

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

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



11. Our stakeholders

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

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

Investors

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

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

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

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

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

Assurance Statement

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

Nature and purpose of the assurance

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

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

Intended users of this assurance statement

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

Responsibilities

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

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

Assurance standards, type and level of assurance

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices - and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within ISAE 3000.

The assurance has been conducted at a limited level of assurance according to ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, to evaluate veracity of specific KPIs as described below using SGS Sustainability Report Assurance protocols.

Scope of assurance

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

Carbon footprint scope 1 & 2 data:

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

Carbon footprint scope 3 data:

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

Safety data:

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

Strategic Report

Assurance Statement continued

Community investment data:

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

People data:

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

Greenhouse gas (ghg) data

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

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

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

Assurance methodology

The assurance comprised a combination of:

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

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

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

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

Limitations and mitigations

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

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

Statement of independence and competence

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

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

Findings and conclusions

Assurance opinion

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

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

Specific opinion on greenhouse gas (GHG) data

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

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

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

Verified emissions by scope are as follows:

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

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

Health and safety, people and community investment data

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

Good practice and opportunities for improvement

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

Good practice

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

Opportunities for improvement

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

Signed:

For and on behalf of SGS United Kingdom Ltd

Jonathan Hall
Global Head, Certification Services

12th May, 2023
www.sgs.com

Executive Chairman's Introduction

Dear Shareholder,

I am pleased to present the Corporate Governance Report for 2023. This report should be read in conjunction with the report on pages 81 to 87, which set out how we have complied with the UK Corporate Governance Code in 2023.

As outlined in my report on pages 14 to 15, 2023 has been a year of growth for the Company, with revenue, cash flow and dividends all up on the prior year and an increase in our development pipeline to help drive the future growth of the Company.

Governance

The Board believes that the effective delivery of the Company's strategy requires the underpinning of strong corporate governance. The governance of the Group is supported by a robust structure which allows for constructive debate and challenge by its members. This allows the Directors to make effective decisions.

Engagement with our stakeholders

The Board is conscious that there are a number of stakeholders in our business and considers the interests of each of our stakeholder groups in its discussions.

We have a comprehensive investor relations programme in place, with the Executive team carrying out a significant number of meetings with our shareholders during the year. The Non-Executive Directors engage with our shareholders as appropriate. Independent feedback on presentations by the Executive Board Directors to major shareholders is provided to the Non-Executive Directors on a regular basis.

The culture of the business is a key part of our success. In the year to 31 March 2023, the Executive Board Directors have continued to visit each of the Group's stores and maintain a flat, apolitical, non-hierarchical culture within the business.

We continue to monitor the Net Promoter Score that we receive from our customers, which remains at a very high level of 78.9 (2022: 78.9).

Looking ahead

Following our performance this year, our attention for the coming year is focused on continuing to drive the operating performance of the business to deliver shareholder value. We will continue to invest in our Big Yellow Foundation and its partner charities and also work with local charities throughout our network assisting with space which they need to deliver their programmes.

We will continue to focus on delivering attractive long-term shareholder returns, behaving responsibly to our stakeholders including employees, customers, suppliers, and the community, and appropriately managing risk.

Nicholas Vetch CBE
Executive Chairman

22 May 2023

How We Are Structured

The Board has overall responsibility for the manner in which the Company runs its affairs.

Position:	Responsible for:	More information:
The Board Nicholas Vetch Executive Chairman	– setting the strategic direction of the business – setting the culture and the values of the Big Yellow – overseeing the internal control system of the Group and its risk management – approving the annual business plan for the Group – approving site and store acquisitions and major items of capital expenditure – approving the Group's financing structure – ensuring a positive dialogue with our stakeholders is maintained	
Executive Directors	– implementing the Group's business plan and strategy – managing the risk of the business – focussing on financial performance	→ See page 82 for more info.
Nomination Committee	– reviewing the structure, size and composition of the Board – succession planning for Directors and other senior Executives – promoting diversity	→ See pages 88 to 90 for more info.
Audit Committee	– overseeing the Group's financial reporting – overseeing the Group's internal control framework and risk management process – overseeing the relationship with the external auditor and monitoring their independence	→ See pages 116 to 119 for more info.
Remuneration Committee	– setting, reviewing and recommending the policy on the remuneration of the Executive Directors – overseeing the senior management team and general workforce remuneration approach – monitoring the implementation of the Remuneration policy – overseeing the alignment of reward, incentives and culture	→ See pages 92 to 115 for more info.
Sustainability Committee	– overseeing the Group's sustainability framework and strategy – monitoring sustainability performance – providing guidance on emerging environmental issues, including environmental risks, and their impact on the Group's business – overseeing the Group's ESG reporting, including external audit/assurance mechanisms	→ See page 91 for more info.

Governance Report

Directors, Officers and Advisers

Executive Directors

Nicholas Vetch CBE

Executive Chairman

Appointment to the Board

Nicholas was a co-founder of Big Yellow in September 1998 and held the position of CEO until July 2003, when he became Executive Chairman.

Background and relevant experience

Prior to Big Yellow, Nicholas was joint Chief Executive of Edge Properties plc, which he co-founded in 1989, was subsequently listed on the Official List of the London Stock Exchange in 1996 and then sold to Grantchester Properties plc in 1998. Nicholas was appointed a Commander of the British Empire ("CBE") in the 2023 New Year's Honours List.

Other appointments

Nicholas is a Trustee of Global Human Rights, Global Human Rights UK, the Royal Drawing School, and the Ukrainian Sponsorship Pathway UK, and a Non-Executive Director of Conduit Holdco Limited.

Committee Membership

None.

Skills and contribution

The Company under Nicholas Vetch's leadership has an outstanding track record for delivering consistently strong returns and share price outperformance. Nicholas, along with his co-founder Jim Gibson, developed the strategy of the business and this continues to this day. He is also responsible for leading the property team and has over 35 years' experience working within the UK property sector. Further details on Nicholas' contribution to the business is included in the annual report on page 81.

Jim Gibson

Chief Executive Officer

Appointment to the Board

Jim was a co-founder of Big Yellow in September 1998, initially as Finance Director and he was subsequently appointed Chief Executive in July 2003.

Background and relevant experience

Jim is a Chartered Accountant by background having trained with Arthur Andersen & Co. where he specialised in the property and construction sectors, before leaving in 1989. He was Finance Director of Heron Property Corporation Limited and then Edge Properties plc which he joined in 1994. Edge Properties was listed on the Official List of the London Stock Exchange in 1996 and then sold to Grantchester Properties plc in 1998.

Other appointments

Jim is a Non-Executive Director and shareholder of Any Junk Limited, a Non-Executive Director and shareholder of CityStasher Limited, an investor in Moby Self Storage, a Brazilian Self Storage business, and is the Chairman of Trustees of the London Children's Ballet, and a Trustee of the Bede's Development Foundation.

Committee Membership

None.

Skills and contribution

Jim has been with Big Yellow since its formation, and along with his co-founder Nicholas Vetch, has been instrumental in developing the strategy of the business. He leads the day-to-day running of the business and brings substantial knowledge of self storage to the Board, which is invaluable to Big Yellow as it continues to grow. As CEO, the Board believes Jim has demonstrated outstanding leadership and drive, notably in managing the business through the recent uncertainties caused by Covid-19 and the Russian invasion of Ukraine. He will continue to be instrumental in maintaining Big Yellow's market-leading position.

John Trotman

Chief Financial Officer

Appointment to the Board

John joined Big Yellow in June 2007 and was appointed to the Board in September 2007.

Background and relevant experience

John is a Chartered Accountant having trained with Deloitte LLP, where he specialised in the real estate sector and self storage. On leaving Deloitte in 2005, John worked for a subsidiary of the Kajima Corporation until he joined Big Yellow.

Other appointments

None.

Committee Membership

None.

Skills and contribution

John brings strong financial experience to the Group from his 16 years with Big Yellow and prior to that in his previous roles. As CFO, in addition to dealing with the traditional aspects of the role, John is involved in strategy, and in particular all aspects of the day-to-day operations of the business, working alongside Adrian Lee. He has extensive knowledge of the self storage sector.

Committee key

N Nominations Committee A Audit Committee R Remuneration Committee S Sustainability Committee ● Committee Chair

Non-Executive Directors

Dr Anna Keay OBE

Non-Executive Director

N A R S

Appointment to the Board

Anna joined the Board in March 2018.

Background and relevant experience

Anna has been CEO of the Landmark Trust since 2012, operating a portfolio of 200 historic buildings let for holidays. She has a PhD from London University, starting her career at Historic Royal Palaces and from 2002 to 2012 she was Curatorial Director of English Heritage. She was a trustee of Leeds Castle Foundation from 2009 to 2016 and was a Governor and Chair of the Buildings and Projects Committee at Bedales School until November 2021.

She writes and broadcasts widely, presenting on history and buildings for Channel 4.

Other appointments

Anna is a Trustee of the Royal Collection Trust, a Director of Architrave Historical Services and of the Lundy Company.

Committee Membership

Member of Audit, Nominations, Remuneration and Sustainability Committees. Anna is the designated Non-Executive Director for workforce engagement.

Skills and contribution

Anna, as a historian, and with significant experience in the third sector, adds another dimension to the Board alongside her operational experience from her current role as CEO of the Landmark Trust. In her role as the designated Non-Executive Director for workforce engagement, she has worked closely with the HR team in all aspects of employee engagement reporting back to the Board on a regular basis.

Vince Niblett

Senior Independent Non-Executive Director

N A R S

Appointment to the Board

Vince was appointed to the Board in June 2017.

Background and relevant experience

Vince was the Global Managing Partner Audit for Deloitte. He previously held a number of senior leadership roles within Deloitte including as a member of the UK Board of Partners and of the Global Executive Group and the UK Executive Group before his retirement from Deloitte in May 2015.

Other appointments

Vince is also a Non-Executive Director and Chair of the Audit Committee of Forterra plc, a Non-Executive Director of Target Healthcare REIT plc, and a Trustee of the Ruth Strauss Foundation.

Committee Membership

Senior Independent Non-Executive Director, Chair of the Nominations Committee and Member of the Audit, Remuneration and Sustainability Committees.

Skills and contribution

Vince has many years of financial and commercial experience gained from his leadership roles at Deloitte. He worked closely with Richard Cotton on the Remuneration consultation in the prior year.

Laela Pakpour Tabrizi

Non-Executive Director

N A R S

Appointment to the Board

Laela was appointed to the Board in July 2020.

Background and relevant experience

Laela has 16 years' experience in corporate finance and is currently the Finance Director of Consumer Converged at Virgin Media O2. She was previously the Chief Financial Officer of OpenClassrooms, an online educational platform, the Group Chief Financial Officer of MotorK, a venture-backed software as a service tech scale-up, the Group CFO of VistaJet, the global private jet operator, and before that worked in Structured Finance for BNP Paribas. She is a graduate of the Institut d'Etudes Politiques de Paris (Sciences-Po) and the London School of Economics.

Other appointments

Laela also currently serves as a Non-Executive Director of an award-winning East London women's refuge charity called Ashiana Network and as a Trustee of the British Library, where she sits on the audit Committee and Remuneration Committee.

Committee Membership

Chair of Audit Committee and Member of Nominations, Remuneration and Sustainability Committees.

Skills and contribution

Laela has significant corporate and financial experience in high growth businesses. She is the Chair of the audit committee, which involved monitoring KPMG LLP as auditors to the Company, and meeting with the external valuers of the Company. She has maintained close dialogue with the external auditors and the senior finance team throughout the year.

Governance Report

Directors, Officers and Advisers continued

Michael O'Donnell
Non-Executive Director

N A R S

Appointment to the Board

Michael joined the board of the Big Yellow in September 2021.

Background and relevant experience

Michael is a former Managing Director of LGV Capital, a private equity firm. He has a particular focus on the healthcare and business services sectors. Past roles include as a Non-Executive Director, and chair of the Remuneration Committee, of Helical plc.

Other appointments

Through his company, Ebbtide Partners, which he started in 2009, Michael acts as a consultant/director to, and investor in, private companies.

Committee Membership

Chair of the Remuneration Committee (from July 2022) and Member of Audit, Nominations, and Sustainability Committees.

Skills and contribution

Michael has a wealth of experience in the private equity sector, with a focus on high growth businesses. His previous Non-Executive role with Helical plc also provides relevant experience.

Heather Savory
Non-Executive Director

N A R S

Appointment to the Board

Heather joined the board of the Big Yellow in March 2021.

Background and relevant experience

Heather was Vice President of Engineering and Operations for 3Dlabs, a high-tech start-up delivering the world's first semiconductor 3D-graphics accelerators for consumer devices and moved on into leadership and advisory roles for high-tech UK SMEs. Heather then worked in various senior government roles including as Director General for Data Capability at the Office for National Statistics which she modernised through a cross-organisation digital, data and workforce transformation. She was also co-Chair of the United Nations Global Working Group on Big Data, developing innovative global data solutions to assist with the measurement and delivery of the United Nations 2030 Agenda for Sustainable Development.

Other appointments

Heather serves as a Non-Executive Director of the UK House of Lords Information Authority, as a Non-Executive Director and Chair of the Audit and Risk Assurance Committee for Her Majesty's Prison and Probation Service (HMPPS), as a Non-Executive Director on the Ministry of Justice Audit and Risk Assurance Committee, as a Trustee of the Ukrainian Sponsorship Pathway Charity (USPUK) and on several Not-for-Profit Advisory Boards.

Committee Membership

Chair of the Sustainability Committee, Member of Audit, Nominations and Remuneration Committees.

Skills and contribution

Heather brings a track record on sustainability to Big Yellow, following her work with the UN. She has a wealth of experience in the private and public sectors.

Company Secretary and Registered office

Shauna Beavis
2 The Deans
Bridge Road
Bagshot
Surrey
GU19 5AT

Company Registration No.
03625199

Bankers

Aviva Commercial Finance Limited
Bank of Ireland
HSBC Bank plc
Lloyds Bank plc
M&G Investments Limited
Pricoa Private Capital

Solicitors

CMS Cameron McKenna Nabarro Olswang LLP
Lester Aldridge LLP
Slaughter and May

Financial advisers and stockbrokers

Barclays Bank plc
J P Morgan Cazenove

Statutory Auditor

KPMG LLP
Chartered Accountant and Statutory Auditors

Valuers

Jones Lang LaSalle

Corporate Governance Report

The Company is committed to the principles of corporate governance contained in the UK Corporate Governance Code issued by the Financial Reporting Council in 2018.

Introduction

The Board takes account of the Corporate Governance guidelines of institutional shareholders and their representative bodies.

At Big Yellow, we aim to create a culture in which integrity, openness and fairness are rewarded.

We continue to review the composition of the Board to ensure that it has the appropriate skills, knowledge, and balance for the effective stewardship of the Company. The Board has overall responsibility for the manner in which the Company runs its affairs.

Statement of compliance with the Code

Throughout the year ended 31 March 2023, the Company has been in compliance with the Code provisions set out in section 1 of the 2018 UK Corporate Governance Code, with the exception of Provision 19 in that the Executive Chairman of the Company has served in position for longer than the recommended period of nine years.

Chairman's position

During the year ended 31 March 2020, which was the Company's first operating under the principals of the new UK Corporate Governance Code, Richard Cotton (then Senior Independent Non-Executive Director) and Vince Niblett consulted with a number of the Company's largest shareholders about the length of Nicholas Vetch's tenure as Executive Chairman (20 years), which is in contravention of the UK Corporate Governance Code. It is advised as governance best practice that the Chairman should serve for a maximum of 9 years. It is the view of the Board that it is in the Company's best interest for Nicholas Vetch to continue as Executive Chairman for the foreseeable future.

In arriving at this conclusion, the Non-Executive Directors have carefully considered the leadership position that Nicholas Vetch fulfils in the Company and also his leadership of the property team. Moreover, they looked at the governance checks and balances, which are, in their opinion, strong and effective. It is recognised that having a founder Director in post as Chairman for considerably longer than advised, needs justification and the reasons detailed below should inform shareholders that this has been given very thorough scrutiny.

1. The Company under Nicholas Vetch's leadership has an outstanding track record for delivering consistently strong returns and share price outperformance. In the twenty three years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return ("TSR"), including dividends reinvested, of 13.9% per annum, in aggregate 1,871.5% at the closing price of £11.69 on 31 March 2023. This compares to 4.4% per annum for the FTSE Real Estate Index and 5.0% per annum for the FTSE All Share index over the same period. He has been an integral part of the business since inception.
2. Big Yellow has a strong culture, which has benefited from stable and consistent leadership of the business.
3. The Board has five independent NEDs, three of whom have been appointed within the past three years, providing fresh perspective and challenge. The NEDs have a wide range of corporate experience and provide effective challenge to the Chairman and the other Executive Directors, which was endorsed by the external appraisal undertaken by Simon Robertson Associates in the year.
4. The Board has separate committees for Audit, Nomination, Remuneration and Sustainability, each of which are chaired by a Non-Executive Director, and we have a Senior Independent Director who is considered important in sharing the role of Chairman's duties. Specific examples of the board discussion include examination and engagement in the acquisition of new sites, funding decisions, and the Group's net zero carbon plan.
5. As a Board, we have contingency plans in place in the event one of the Executive Directors cannot fulfil their responsibilities, with a matrix of who would step in to cover their roles. Considerable thought has been given by the Board to succession, which has been approached in the context of a very successful senior team of whom the majority have been in post since the Company was listed in 2000. More detail is provided in the Nominations Committee Report.

The Board has been encouraged by the support of its major independent shareholders as it chooses to explain rather than comply with the Code on this issue.

Statement about applying the principles of the Code

The Company has applied the principles set out in the Code, including both the main principles and the supporting principles, by complying with the Code as reported above. Further explanation of how the principles and supporting principles have been applied is set out below and in the Nominations Committee Report, the Remuneration Report, and the Audit Committee Report.

Governance Report

Corporate Governance Report continued

Leadership

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed.

Chairman and Chief Executive

The division of responsibilities between the Chairman and the Chief Executive has been agreed by the Board and encompasses the following parameters:

- the Chairman's role is to provide continuity, experience, governance, and strategic advice, while the Chief Executive provides leadership, drives the day-to-day operations of the business, and works with the Chairman on overall strategy;
- the Chairman, working with the Senior Independent Non-Executive Director, is viewed by investors as the ultimate steward of the business and the guardian of the interests of all the shareholders;
- the Board believes that the Chairman and the Chief Executive work together to provide effective and complementary stewardship;
- the Chairman:
 - takes overall responsibility for the composition and capability of the Board;
 - takes overall executive responsibility for the property development team; and
 - consults regularly with the Chief Executive and is available on a flexible basis for providing advice, counsel, and support to the Chief Executive.
- the Chief Executive:
 - manages the CFO and Operations Director and the Group's day-to-day activities;
 - prepares and presents to the Board strategic options for growth in shareholder value;
 - sets the operating plans and budgets required to deliver agreed strategy; and
 - ensures that the Group has in place appropriate risk management and control mechanisms.

The Directors believe it is essential for the Group to be led and controlled by an effective Board that provides entrepreneurial leadership within a framework of sound controls which enables risk to be assessed and managed. The Board is responsible for setting the Group's strategic aims, its values and standards and ensuring the necessary financial and human resources are in place to achieve its goals. The Board ensures that its obligations to shareholders and other stakeholders are understood and met. The Board also regularly reviews the performance of management.

Effectiveness

Composition of the Board

The Nominations Committee is responsible for reviewing the Board Composition and makes recommendations to the Board on the appointment of Directors. There are presently five independent Non-Executive Directors on the Board, with Vince Niblett being the Senior Independent Director. The Company complies with the UK Corporate Governance Code in that at least half of the Board, excluding the Chair, is comprised of independent Non-Executive Directors.

All of the Non-Executive Directors bring considerable knowledge, judgement, and experience to Board deliberations. Non-Executive Directors do not participate in any of the Company's share option or bonus schemes and their service is non-pensionable. The Non-Executive Directors are encouraged to communicate directly with Executive Board Directors between formal Board meetings. The Non-Executive Directors meet at least once a year without the Executive Board Directors being present.

The Non-Executive Directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They are required to satisfy themselves on the integrity of the financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration for Executive Board Directors and have a prime role in appointing and, where necessary, removing Executive Board Directors, and in succession planning.

The tenure of the independent Non-Executive Directors at 31 March 2023 is set out below:

Changes to the Board and its Committees

At the 2022 Annual General Meeting, Richard Cotton retired from the Board. Richard was considered an independent Non-Executive, even though he had served on the Board for ten years, exceeding the Code recommended limit. This was concluded after considering his integrity and the effectiveness with which he carries out his responsibilities to the Company. Michael O'Donnell succeeded Richard Cotton as the Chair of the Remuneration Committee with effect from the 2022 Annual General Meeting. Adrian Lee stepped down from the Board at the 2022 Annual General Meeting but continues in his role as Operations Director.

The board and its committees

Standing committees of the Board

The Board has Audit, Remuneration, Nominations and Sustainability Committees, each of which has written terms of reference. They deal clearly with the authorities and duties of each Committee and are formally reviewed annually. Copies of these terms of reference are available on the Company's website. Each of these Committees is comprised of Independent Non-Executive Directors of the Company who are appointed by the Board on the recommendation of the Nominations Committee.

All the Committees are authorised to obtain legal or other professional advice as necessary; to secure, where appropriate, the attendance of external advisers at its meetings and to seek information required from any employee of the Company in order to perform its duties.

The Chair of each Committee reports the outcome of the meetings to the Board. The Company Secretary is secretary to each Committee.

Attendance at meetings of the individual Directors at the Board Meetings that they were eligible to attend is shown in the table below:

Director	Position	Number of meetings attended
Richard Cotton	Non-Executive Director	●●●●●●●●
Jim Gibson	Chief Executive Officer	●●●●●●●●
Anna Keay	Non-Executive Director	●●●●●●●●
Adrian Lee	Operations Director	●●●●●●●●
Vince Niblett	Non-Executive Director	●●●●●●●●
Michael O'Donnell	Non-Executive Director	●●●●●●●●
Laela Pakpour Tabrizi	Non-Executive Director	●●●●●●●●
Heather Savory	Non-Executive Director	●●●●●●●●
John Trotman	Chief Financial Officer	●●●●●●●●
Nicholas Vetch	Executive Chairman	●●●●●●●●

● attended ● absent ● not applicable

Other members of the senior leadership team attend Board meetings on invitation.

The Board meets approximately once every two months to discuss a whole range of significant matters including strategic decisions, major asset acquisitions and performance. A procedure to enable Directors to take independent professional advice if required has been agreed by the Board and formally confirmed by all Directors.

There is a formal schedule of matters reserved for the Board's attention including the approval of Group strategy and policies; major acquisitions and disposals, major capital projects and financing, Group budgets and material contracts other than in the normal course of business. The Board also considers matters such as cyber security, reputational risks, and other non-financial risks as part of its review of the Group's risk register.

At each Board meeting, the latest available financial information is produced which consists of detailed management accounts with the relevant comparisons to budget. A current trading appraisal is given by the Executive Board Directors.

Information and professional development

All Directors are provided with detailed financial information throughout the year. On a weekly basis they receive a detailed occupancy report showing the performance of each of the Group's open stores. Management accounts are circulated to the Executive monthly and a detailed Board pack is distributed a week prior to each Board meeting.

All Directors are kept informed of changes in relevant legislation and changing commercial risks with the assistance of the Company's legal advisers and auditor where appropriate. All Directors have access to the advice of the Company Secretary on governance matters.

The professional development requirements of Executive Board Directors are identified and progressed as part of each individual's annual appraisal. All new Directors are provided with a full induction programme on joining the Board.

Non-Executive Directors are encouraged to attend seminars and undertake external training at the Company's expense in areas they consider to be appropriate for their own professional development. Each year, the programme of senior management meetings is tailored to enable meetings to be held at the Company's stores. During the year, the Executive Board Directors made visits to all of the Group's stores.

Governance Report

Corporate Governance Report continued

Accountability

Risk management and internal control

The Group operates a rigorous system of risk management and internal control, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. There is a comprehensive system in place for financial reporting and the Board receives a number of reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad hoc reports. There are clearly defined authority limits throughout the Group, including those matters which are reserved specifically for the Board.

The Board has established a continuous process for identifying, evaluating, and managing the significant risks the Group faces and for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board regularly reviews the process, which has been in place from the start of the year to the date of approval of this report and which is in accordance with the FRC's guidance on risk management, internal control and related reporting that was issued in September 2014. The Board is also responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board regularly reviews the effectiveness of the Group's risk management and internal control systems. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether significant risks are identified, evaluated, managed, and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Board has also performed a specific assessment for the purpose of this annual report. This assessment considers all significant aspects of risk management and internal control arising during the period covered by the report, including the work carried out by the Group's Store Compliance team. The Audit Committee assists the Board in discharging its review responsibilities.

A formal risk identification and assessment exercise has been carried out resulting in a risk framework document summarising the key risks, potential impact and the mitigating factors or controls in place. The key risks the Group faces are detailed on pages 44 to 48 in the Operating and Financial Review. The Board has a stated policy of reviewing this risk framework at least once a year or in the event of a material change. The risk identification process also considered significant non-financial risks.

During the reviews in the year, the Directors:

- challenged the framework to ensure that the list of significant risks to business objectives is still valid and complete;
- considered new and emerging risks to business objectives and included them in the framework if significant;

- ensured that any changes in the impact or likelihood of the risks are reflected in the risk framework; and
- ensured that there are appropriate action plans in place to address unacceptable risks.

The results of this exercise have been communicated to the Board and the Audit Committee. This was in the form of a summary report which included:

- a prioritised summary of the key risks and their significance;
- any changes in the list of significant risks or their impact and likelihood since the last assessment;
- new or emerging risks that may become significant to business objectives in the future;
- progress on action plans to address significant risks; and
- any actual or potential control failures or weaknesses during the period (including "near misses").

During the course of its review of the risk management and internal control systems, the Board has not identified, nor been advised of any failings or weaknesses which it has determined to be significant, consistent with the prior year. Therefore, a confirmation in respect of necessary actions has not been considered appropriate.

All management are encouraged to stay abreast of all technical and other competitive advances that could impact the business.

Going concern

The Group's activities, and a fair review of the business, are included in the Strategic Report on pages 16 to 31. The financial position of the Group, including its cash flow, liquidity, and committed debt facilities are discussed in the Financial Review on pages 38 to 43.

The Directors have a reasonable expectation that the Group and Company have adequate resources to continue operations for the foreseeable future. They have therefore continued to adopt the going concern basis in preparing the financial statements.

Engagement with stakeholders

The long-term success of our business is dependent on the way we work with our various stakeholders. The table below shows our key stakeholder groups, how we engage with them, and how the results of this engagement are reported up to the Board and influence the decision making with the business. Not all the information is reported directly to the Board, however it informs business-level decisions with an overview of developments being reported on a regular basis to the Board.

The Board has identified a number of key stakeholders which it seeks to engage with on a regular basis. The key stakeholders are our employees, our shareholders, our customers, our suppliers, and our communities.

Stakeholder Group	Form of engagement	How this influenced the Board during the year
Our employees	Over the past year, we have continued to act on the feedback that we obtained from our 2021 bi-annual employee engagement survey. Our next engagement survey will take place in May 2023 and further improvements will be introduced, based upon the feedback that we receive. The Directors have continued to visit every store in the portfolio over the course of the year. Further detail is provided below on how Anna Keay, the designated Workforce Engagement Director has carried out her role during the year.	The changes implemented in the year have included Area Managers, Operations Managers and Head Office Customer Support team members working regularly in our stores. They have also included reviewing our Bright Ideas Suggestion Scheme, improving recognition across the business and launching a new Intranet and an Electric Vehicles Salary Sacrifice Scheme. There is further detail on how the Board engage with our people on pages 86 to 87.
Our shareholders	The Company has an active dialogue with its shareholders through a programme of investor meetings which include formal presentation of the full and half year results. The Executive Board Directors have participated in a number of investor conferences and meetings during the year. During the year ended 31 March 2023, the Chief Executive and other Executive Board Directors carried out 209 meetings with UK and overseas institutional shareholders and potential investors. These meetings comprised group and individual presentations. The Board also welcomes the interest of private investors and believes that, in addition to the Annual Report and the Company's website, the Annual General Meeting is an ideal forum at which to communicate with investors and the Board encourages their participation.	The Board receives regular feedback on investor perceptions about the Company. After each set of results, key investors are interviewed on their perceptions of the performance of the business and management. The findings are reviewed by the Board. At each Board Meeting, the Board is updated on any shareholder meetings that have taken place, and any views expressed, or issues raised by the shareholders in these meetings.
Our customers	The Group sends surveys to all customers who have moved in and moved out of the business. A high response rate is received to these surveys, which show a net promoter score of 78.9.	The net promoter scores are reported to the Board at each Board meeting and any recurring themes highlighted to allow discussion around the approach to our customers. The Directors discuss net promoter scores and customer feedback with store teams on their regular visits to the Group's stores. The net promoter scores achieved from our customers are used as one of the metrics in the bonus plan of the Executive Board Directors.
Our suppliers	Regular meetings are held between suppliers and their Big Yellow contact. Appropriate external tendering is carried out for any new suppliers. On anti-corruption and anti-bribery matters, we expect all our suppliers to be compliant with the Modern Slavery Act and we work closely with our suppliers to promote best practice. During the year this included engaging with suppliers we had identified as being within potentially high-risk categories and carrying out audits of their compliance with these regulations and providing support to them.	The Board annually approves the Group's Modern Slavery statement. The Group is a member of the Prompt Payment Code, supporting our smaller suppliers with on time payments. During the prior year the Group appointed a specialist consultancy to carry out a review of our supply chain ethics. During the current year we worked with 27 of our suppliers, representing 80% of our supply chain value, on this. No material issues were noted, albeit we will be working with them to improve standards further.

Governance Report

Corporate Governance Report continued

Stakeholder Group	Form of engagement	How this influenced the Board during the year
Our communities	We demonstrate Big Yellow's culture and commitment to our communities through the work of the Big Yellow Foundation which aims to help vulnerable people lead better lives, working in partnership with several charities. Big Yellow matches any donations from our customers at move-in and move-out. We also match any funds raised by our employees and allow each member of our team one paid day per year for volunteering. We also support approximately 200 local charities with free or discounted space throughout our network.	The Board receives regular updates regarding the Foundation's activities. The Board endorses the culture of giving back time to support these charities and the financial commitment made by Big Yellow. Jim Gibson, CEO, is the Chair of the Trustees of the Big Yellow Foundation.
Our Environment	We engage relevant subject matter experts to assess the impact our business has in the first instance as part of the planning and construction process. Our partners perform detailed assessment on likely impacts on land, water, biodiversity, air quality and other key aspects. It is our aim to not just minimize any negative aspects, but also 'listen' carefully and enhance where possible, through the installation of green roofs or bird or bat nesting boxes for example. We extensively report on our Operational impacts, such as energy consumption, carbon emissions, waste we create and water we use as part of our Full ESG Report and have systems and processes in place to manage material aspects, such as energy.	The Board receives regular updates on our environmental performance and activities. The Board endorses the Group's commitment to investing at all stages of our stores' lifespan to ensure our impact on the Environment is minimised. It signs off on the budgets to deliver solar installations and electric vehicle charging pods for example. The Board established a formal Sustainability Committee in 2020 chaired by Non-Executive Director Heather Savory.

Employee relations and company culture

Our teams are a key resource of the business. From the start we have always aimed to create a culture which is accessible, apolitical, inclusive, non-hierarchical, socially responsible, and very importantly, an enjoyable place to work. We believe in the employees benefiting from the success of the business. All staff are eligible for an annual bonus; a Sharesave scheme is open to all employees; and the Company's Long Term Incentive Plan is provided to a significant number of employees.

The Executive Board Directors spend a considerable amount of time meeting with the Group's employees and visit every store at least once a year. We recognise the value of the culture of the business and these visits create an opportunity for it to be cascaded from the boardroom. The Group's Non-Executive Directors also participate in some of these visits, allowing them to develop and maintain a greater insight into the business, producing an informed and higher quality Board discussion on employee matters.

The Group carries out regular engagement surveys of its staff, and is carrying out the next survey in May 2023. These surveys tell us what our staff value about the business and the importance of continued personal development. Detailed action plans are created following these engagement surveys and a number of changes to the way we operate have been made as a result of these surveys. The level of employee engagement evidenced by these surveys remained very high.

Regular training is provided to the Group's employees, and detailed courses are provided to allow employees to further their careers and seek promotion opportunities within the business.

The Board has, in conjunction with the work of the Audit Committee, reviewed the whistleblowing policies that are in place for the Group's employees. There have been no significant issues raised under the Group's whistleblowing arrangements during the course of the financial year.

Workforce Engagement Director

The Code requires that the Board should understand the views of its key stakeholders, with a particular reference to engagement with the workforce. Specifically, it states that for engagement with the workforce, one or a combination of the following methods should be used:

- A Director to the main Board should be appointed from the workforce;
- A formal workforce advisory panel should report to the Board; and / or
- A designated Non-Executive Director should sit on the workforce advisory panel.

A designated Non-Executive Director, Anna Keay, has been chosen as the primary method of workforce engagement for Big Yellow.

She oversees and is responsible for the following:

- Involvement in the Workforce Engagement Group discussions and occasional attendance at Workforce Engagement Group meetings;
- Involvement in key employee project groups where for example employee views are sought on the business or policy and procedural changes;
- Maintaining an awareness of the suggestions made under the Company's Bright Ideas Scheme to include key trends and awards made;
- Along with all the Company's Non-Executive Directors, participation on store tours (pre-planned visits to individual stores);
- Along with all the Company's Non-Executive Directors attending the Annual Sales Conference;
- Provision of feedback to the Board on the bi-annual employee engagement survey, with assistance from the Human Resources team and our survey partner;
- Receiving detailed feedback from the Executive Board Directors on their interaction with employees;
- Regular meetings with the Head of HR to discuss employee relations and issues;
- Annual face-to-face sessions with groups of employees in different areas of the business to hear views and concerns;
- Acting as an alternative contact to whom employees can report confidential matters and raise concerns under the Company's Whistleblowing Policy; and
- Reporting back to the Board and Non-Executive Directors on the above.

Nominations Committee Report

The Committee is responsible for reviewing the Composition of the Board. It also makes recommendations for membership of the Board and considers succession planning for Directors. The Committee is also responsible for evaluating Board and Committee performance.

Committee members and attendance

Member	Number of meetings attended
Vince Niblett – Chair and Senior Independent Director	●
Richard Cotton – Member (until 21 July 2022)	●
Anna Keay – Member	●
Michael O'Donnell – Member	●
Laela Pakpour Tabrizi – Member	●
Heather Savory – Member	●
● attended ● absent ● not applicable	

Introduction

The Nominations Committee is responsible for reviewing the structure, size and composition of the Board and giving consideration to succession planning for Directors and other senior Executives. Where changes are required, it is also responsible for the identification, selection and proposal to the Board for approval of persons suitable for appointment or reappointment to the Board, whether as Executive or Non-Executive Directors and to seek approval from the Remuneration Committee of the remuneration and terms and conditions of service of any proposed Executive Director appointment. The Chair of the Committee reports to the Board as appropriate to enable the Board as a whole to agree the appointments of new Directors. The Committee meets at least once a year and otherwise as required and as determined by its members.

The terms and conditions of appointment for the Non-Executive Directors are available for inspection at the Company's Head Office during normal working hours. They are also available for inspection at the Company's AGM.

Board performance evaluation

In keeping with the three-yearly evaluation cycle, the effectiveness of the Board and its Committees was externally reviewed by Simon Robertson Associates LLP ("SRA") this year. Simon Robertson Associates have no other business relationship with the Group or any of the Company's Directors. An overview of the process is outlined below:

January 2023	SRA appointed to undertake evaluation. Scope, process and timetable agreed with Chairman and Senior Independent Director ("SID")
February to March 2023	SRA provided with requested information (including board papers, investor feedback and broker research) and spoke individually with each Director, the Company Secretary and a number of other non-Board members who attend or support the Board and its Committees
March 2023	Preliminary findings discussed with both the Chairman and the SID. SRA attended and observed the scheduled Board meeting where it presented its findings
April 2023	SRA finalised its report and produced a summary document for inclusion in the Company's 2023 Annual Report

Context of evaluation

This is the second consecutive external Board evaluation that SRA has undertaken for the Company. The decision to use SRA again was to provide continuity and context for their observations given material changes to the Board in recent years. There have been three new NED appointments and a new SID. Consequently, the dynamics of the Board have altered but SRA noted that it operates just as effectively, with the new NEDs strengthening skills and experience, particularly around the ESG agenda. SRA was positive about the implementation of recommendations made following the last review.

Findings

The overall conclusion was that the Board operates with a high degree of efficiency, with a good level of leadership and in a way that promotes honest discussion and healthy debate. High-priority business is unanimously recognised and given the appropriate allocation of time for detailed discussion. This does not detract from other tabled business which is well covered; conversations are straightforward and substantive. SRA was complimentary of the comprehensive approach to governance, noting that the Board is appropriately structured and balanced, with its Committees both well-defined and purpose-driven. SRA noted that a distinct entrepreneurial culture and set of values are evident at Board level, a sentiment echoed by others who were part of the review process.

SRA's main recommendations were:

- consider internal deep-dive exercises on risk management systems and financial controls to test the robustness of current processes;
- continue open dialogue around Board evolution to help with succession planning;
- nurture board dynamics through opportunities for the Board to meet independently of main meetings; and
- restructure the NEDs induction process to allow for a more extensive introduction to senior management and continue the NEDs education and visibility around the business.

Director evaluation

During the current year, the Executive Chairman evaluated the performance of the other Executive Board Directors, and the performance of the Chairman was evaluated by the Senior Independent Non-Executive Director. It was considered that the individuals were operating effectively, with appropriate procedures put in place for minor areas identified for improvement.

Succession planning

It is a key responsibility of the Committee to advise the Board on succession planning. The Committee ensures that any future changes in the Board's composition are foreseen and effectively managed.

The Board comprises a team of three Executive Board Directors, two of whom were co-founders of the Company, complemented by Non-Executive Directors who have wide business experience and skills as well as a detailed understanding of the Group's philosophy and strategy. The Executive Board Directors have worked together for a significant length of time. Continuity of experience and knowledge, particularly of self storage, within the executive team is important in a long-term focused business such as Big Yellow.

The team has confirmed individually and collectively that they all remain committed to the business for the foreseeable future. Each Executive has a significant personal financial interest in the Company. The risk of unforced succession within the business is therefore low.

Given the financial interest of each member of the team in the Company, any planned change in the team in the medium-term (e.g. upon retirement) will be staggered to ensure there is not significant disruption to the overall team. This will be in a similar way to how the Company has managed the replacement of the Non-Executive Directors over recent years.

The Directors work closely together across the various departments that each manages, and so each carries knowledge of the way the whole business operates and would be able to take over the running of that department in the short-term should a vacancy arise. Equally important is the strength of the Senior Management team within the business. The majority of department heads have worked for the business for a substantial period of time and are highly capable individuals. The Committee has confidence that they would be able to step up if there is a gap in the Executive Director team at any point.

In the event of unforeseen changes, the Committee ensures that management and oversight of the Group's business and long-term strategy will not be affected.

The Committee also addresses the development and continuity of the Senior Management team below Board level and has considered succession planning for this team during the year.

Big Yellow Executive team

Big Yellow operates with a leadership team of fourteen, comprising of three Executive Board Directors, supported by eleven key executives within the business. The Group does not have a formal Executive Committee or formal Operating Board, as a more flexible approach to the day-to-day management of the business is used within a relatively flat management structure.

In addition to the three Executive Board Directors, the other members of the Executive team cover finance, sales and marketing, operations, facilities, construction, property acquisitions, human resources, information technology and digital security, and ESG.

Governance Report

Nominations Committee Report continued

The business is run through small sub-groups of decision-making committees, which meet regularly throughout the year around particular key delivery areas which contribute to our growth and success. These committees are attended by members across the leadership team and other employees as required. All of these meetings are also attended by at least one of the Executive Board Directors, and in many cases more than one Executive Director. All strategic and acquisition decisions are made at the PLC Board level and then the Committees implement and take the detailed decisions to drive operational performance and deliver growth. There are also specific thematic executive committees, such as an Environmental Committee and a Health and Safety Committee.

Policy on diversity

All aspects of diversity, including gender are considered at every level of recruitment. All appointments to the Board are made on merit. The Board's policy states that the Board seeks a composition with the right balance of skills and diversity to meet the demands of the business. The listing rules set out a target of 40% representation of the Board as women. The Company at 31 March 2023 had 38% of the Board as women. The listing rules also target Boards to have at least one woman in the roles of Chair, Senior Independent Director ("SID") and/or as CEO or CFO. It is our intention to have at least one woman in one of the defined roles above by 2025. Two members of the Board are from a minority ethnic background.

Gender diversity of the Board, Key Executives and Company at 31 March 2023 is set out below:

	Male	Female	Total	Male/female ratio
Board	5	3	8	62:38
Key Executives	6	5	11	55:45
Board and Key Executives	11	8	19	58:42
All employees	283	232	515	55:45

External appointments

On making new appointments, the Board takes into account the other demands on a Director's time. Prior to any appointment, significant commitments are disclosed with an indication of the time involved. Any additional external appointments are only undertaken with prior approval of the Board. The Group's Executive Board Directors may not take on more than one non-executive Directorship within a FTSE 350 company or other significant and time-consuming appointment.

Directors standing for re-election

All of the Directors will retire in accordance with the UK Corporate Governance Code and will offer themselves for re-election at the Annual General Meeting.

Following a performance appraisal process, the Board has concluded that the Directors retiring are effective, committed to their roles and operate as effective members of the Board.

The Board, on the advice of the Committee, therefore recommends the re-election of each Director standing for re-election. Full biographical details of each Director are available on pages 78 to 80.

Vince Niblett
Nominations Committee Chair

22 May 2023

Sustainability Committee Report

Committee members and attendance

Member	Number of meetings attended
Heather Savory – Chair	●●
Richard Cotton – Member (until 21 July 2022)	●●
Anna Keay – Member	●●
Vince Niblett – Member	●●
Michael O'Donnell – Member	●●
Laela Pakpour Tabrizi – Member	●●

● attended
 ● absent
 ● not applicable

Introduction

The Sustainability Committee is responsible for:

- overseeing the Group's sustainability framework and strategy;
- monitoring the sustainability performance;
- providing guidance on emerging environmental issues, including environmental risks, and their impact on the Group's business; and
- overseeing the Group's ESG reporting, including external audit and assurance mechanisms.

The Sustainability Committee has determined its scope as:

- material, covering all environmental aspects of Big Yellow's business, i.e. the 'E' in ESG; and
- comprehensive, from energy to waste, considered in order of their impact on the business.

The scope of the Sustainability Committee excludes:

- social and personnel aspects of ESG, which the Big Yellow Board considers elsewhere, under the guidance of Non-Executive Director Anna Keay; and
- governance aspects of ESG which are considered directly by the Big Yellow Board.

Overview

The Sustainability Committee meets twice a year: in September and in March, attended by all Big Yellow Board Members and the Head of Sustainability.

The Head of Sustainability and the delivery of Big Yellow's Sustainability Strategy are supported through an executive-level, cross-disciplinary Environmental Committee of Big Yellow staff, with external experts called in to assist as and when required.

Big Yellow's Sustainability Strategy, setting out pathways to become Net Renewable Energy Positive by 2030 and Net Zero Emissions by 2032, remains unchanged since it was updated in 2022 to include full Science-Based Targets.

The Sustainability Committee commends the excellent progress made against the Sustainability Strategy during 2022-23.

In light of external developments in the rapidly evolving sustainability arena, the business has worked to refine its Science-Based Targets this year, and we are pleased to be able to confirm that Big Yellow's emissions reduction targets are now formally verified by the Science-Based Target initiative (SBTi).

In addition to the work to gain formal approval for the Science-Based Targets we have also seen:

- The full integration of Armadillo-acquired properties into the core Sustainability Programme
- Strong progress on the Solar Retrofit programme – now standing at 23 installations, with a total generating capacity of over 4 Megawatts
- Successful completion of the Battery Pilot – delivering important learning to be taken forward to the next phase of this project
- The recent achievement of reaching the standard of BREEAM "excellent" for both new stores

To achieve its Net Zero ambition Big Yellow will need to find ways to offset some carbon emissions. Early work has started in this area, which we expect to be developed further throughout 2023-24.

The team is also looking in detail at embodied carbon across the Big Yellow property portfolio, with a focus on options to reduce the carbon footprint of new construction. This theme will also develop further in the year ahead.

I am pleased to confirm that Big Yellow is continuing to deliver well against its Sustainability Strategy, whilst maintaining a flexible approach in light of new developments in the sustainability space. The business is continually seeking to innovate and make the best of new opportunities as they arise, in its work to meet the long-term targets of the strategy.

Heather Savory
Sustainability Committee Chair

22 May 2023

Remuneration Committee Report

This report has been prepared by the Remuneration Committee and approved by the Board. It has been prepared in accordance with Schedule 8 of the Large and Medium-size Companies and Groups (Accounts and Report) (Amendment) Regulations 2013 (the “Regulations”).

Attendance at Remuneration Committee meetings

Attendance at meetings of the individual Directors at the Remuneration Committee Meetings that they were eligible to attend is shown in the table below:

Committee members and attendance

Member	Number of meetings attended
Michael O'Donnell – Chair (from 21 July 2022), Member (until 21 July 2022)	● ● ●
Richard Cotton – Chair (until retirement from the Board on 21 July 2022)	● ● ●
Anna Keay – Member	● ● ●
Vince Niblett – Member	● ● ●
Laela Pakpour Tabrizi – Member	● ● ●
Heather Savory – Member	● ● ●

● attended

● absent

● not applicable

Introduction

The report is divided into three main sections:

- **The Annual Statement** – which summarises the remuneration outcomes in the year ended 31 March 2023 and how the Remuneration Policy will be operated in the year ending 31 March 2024;
- **The Remuneration Policy Report** – which sets out a summary of the current Remuneration Policy which was approved by shareholders at the 2022 AGM; and
- **The Annual Report on Remuneration** – which sets out how the Committee intends to operate the Remuneration Policy for the year ending 31 March 2024, the link between Company performance and remuneration and payments and awards made to the Directors in respect of the year just ended.

The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the Annual Report on Remuneration that are subject to audit are indicated in the report.

The Committee and its work during the year

Committee Chair: Michael O'Donnell

Current Committee members: Vince Niblett, Anna Keay, Laela Pakpour Tabrizi and Heather Savory

Terms of Reference: <https://corporate.bigyellow.co.uk/investors/corporate-governance>

The Committee met three times during the year under review. The Committee's main activities during the year ended 31 March 2023 (full details are set out in the relevant sections of this report) included:

- Agreeing Executive Director base salary increases from 1 April 2023;
- Agreeing the cash annual bonus awards for the year ended 31 March 2022 and setting the targets for the year ended 31 March 2023;
- Agreeing the deferred annual bonus plan awards for the year ended 31 March 2022 and setting the targets for the year ended 31 March 2023;
- Reviewing the EPS and Total Shareholder Return ("TSR") performance targets and determining the percentage vesting for the 2019 LTIP awards which vested in 2022;
- Reviewing the CEO Pay Ratio calculations and disclosures;
- Reviewing the Company's Gender Pay calculations and disclosures;
- Reviewing the Company's Ethnicity Pay calculations and disclosures; and
- Reviewing the 2022 AGM voting results and considering shareholder feedback received following consultation with major shareholders on the revised Remuneration Policy ("Policy") put to vote at the 2022 AGM.

In addition, during the year ended 31 March 2023, the Committee has considered how the Policy and practices are consistent with the six factors set out in Provision 40 of the UK Corporate Governance Code:

Clarity – Our Policy is understood by our senior executive team and is clearly articulated to our shareholders and representative bodies (both on an ongoing basis and when changes are proposed).

Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices continue to be straightforward to communicate and operate.

Risk – Our Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via: (i) the balanced use of annual and long-term pay which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in our incentive plans; and (iii) malus/clawback provisions.

Predictability – Our incentive plans are subject to individual caps, our share plans are also subject to market standard dilution limits.

Proportionality – There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Board Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture – Our executive pay policies are fully aligned to Big Yellow's culture through the use of metrics in both the annual bonus, deferred bonus and LTIP that measure how we perform against our KPIs.

Governance Report

Remuneration Committee Report continued

Annual statement

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2023, which is my first as Chair of the Remuneration Committee.

Performance, Decisions and Reward Outcomes for the year ended 31 March 2023

The business conditions and performance of the Group in the year ended 31 March 2023 are described more fully in the Chairman's Statement and the Operating and Financial Review of this Annual Report. In summary:

- The business of the Group performed strongly despite the current economic headwinds;
- Big Yellow remains the clear UK brand leader in self storage and delivered growth in revenue, cash flow and earnings for the fourteenth year in a row;
- Revenue, operating cash flow and adjusted profit before tax increased 10%, 5% and 10% respectively; and
- Dividends are being increased by 8%.

Payments made to the Executive Board Directors under the cash annual bonus plan for the year ended 31 March 2023 amounted to 9.9% of salary (out of a maximum of 25% of salary), based on performance against pre-set targets for occupancy, store profitability, store audits and customer satisfaction. The targets set, and the out-turn, were identical to the average bonus awarded across the stores and head office.

Awards made to the Executive Board Directors under the deferred annual bonus plan for the year ended 31 March 2023 amounted to 110.6% of salary (out of a maximum of 125% of salary), based on performance against financial and non-financial performance targets linked to the business plan.

In respect of the Long Term Incentive Plan ("LTIP") awards granted in 2019, which vested in July 2022, three-year EPS and TSR performance resulted in 90% of awards vesting.

Further details of the targets, and performance against the targets, for cash and deferred annual bonus plans and share award vesting levels are set out in the Annual Report on Remuneration.

Operation of the Policy and use of discretion

The Remuneration Policy operated as intended for the year ended 31 March 2023, and no discretion was applied.

Implementing the Policy for the Year Ending 31 March 2024

Base salary

The Committee continues to operate a policy of targeting base salaries "close to (but generally just below) median" although current base salary levels are well below the market level for a FTSE 250 company of Big Yellow's size and complexity.

From 1 April 2023, Executive Director salary levels were increased by 5% which was in line with the increase across the wider workforce (albeit a proportion of lower paid team members received a 6% increase).

	Chief Executive (Jim Gibson)	Executive Chairman (Nicholas Vetch)	Chief Financial Officer (John Trotman)
From 1 April 2022	£466,750	£397,800	£344,750
From 1 April 2023	£490,100	£417,700	£362,000
% increase	5%	5%	5%

Pension & benefits

Pension provision for the Executive Directors will continue at 6% of salary, which is in line with the pension offered to the general workforce. Benefit provision will remain unchanged (private fuel, private medical insurance, permanent health insurance, life assurance and relocation allowances, where relevant).

Annual bonus

Annual bonus potential will continue to be capped at 150% of salary for the year ending 31 March 2024.

Up to 25% of salary will continue to be aligned to the workforce annual bonus (measured against store performance, through occupancy growth, store profitability, store audits and customer satisfaction scores). Any bonus earned under this part will be payable in cash, following the year ending 31 March 2024.

The remaining 125% of salary will continue to be measured against financial, operational, real estate and strategic targets measured over the financial year ending 31 March 2024. Any award under this part will be deferred into Big Yellow shares for three years (with vesting subject to continued employment).

LTIP

The LTIP will continue to operate in its current form with the award potential at up to 200% of salary (albeit award levels will remain below market in value terms given the below market salary levels). As per the 2022 LTIP awards, 80% of awards will be measured against Earnings Per Share ("EPS") and relative Total Shareholder Return ("TSR") and 20% will be based on ESG related performance metrics. Details of the proposed targets for the 2023 LTIP awards are set out in the Annual Report on Remuneration.

Shareholding guidelines – in employment

The guideline to build and maintain a holding of at least 200% of salary in shares of the Company will continue to apply and has been met by all of the current Executive Board Directors. Where a newly appointed Executive Director does not meet the 200% of salary 'in employment' shareholding guideline in the future, 100% of the net of tax shares which vest under any discretionary share award are to be retained.

Shareholding guidelines – post employment

The post-cessation shareholding guideline whereby Executive Directors will need to retain shares equal to 100% of the shareholding guideline (or the actual number of shares held against the guideline if the guideline is not met at cessation) up until the second anniversary of cessation will continue to apply.

Conclusion

I hope that, at the AGM on 20 July 2023, you will support the resolution on the remuneration paid to the Directors in the last financial year, and the implementation of the new Remuneration Policy for the forthcoming year.

I would like to extend my thanks to my fellow colleagues on the Committee for their support and work in 2022/23.

Michael O'Donnell
Chair of the Remuneration Committee
22 May 2023

Directors' Remuneration Policy

This section of the Remuneration Report contains a summary of the Company's Directors' Remuneration Policy (the "Policy") which governs the Company's approach to remuneration. The full Policy as approved by shareholders is set out in the Annual Report and Accounts 2022.

It is the policy of the Company to ensure that the executive remuneration packages are designed to attract, motivate, and retain Directors of a high calibre and reward the executives for enhancing value to shareholders.

As a result, a substantial element of the remuneration of the Executive Board Directors is structured to be dependent on the performance of the Company. The policy aims to support a performance culture where there is appropriate reward for the achievement of strong Company performance without creating incentives which will encourage excessive risk-taking or unsustainable Company performance.

Policy Scope

The Policy applies to the Executive Board Directors and Non-Executive Directors.

Policy Duration

The current Directors' Remuneration Policy Report was approved by a binding shareholder vote at the AGM on 21 July 2022.

Governance Report

Remuneration Committee Report continued

Summary policy table (Executive Board Directors)

The main components of the Directors' Remuneration Policy, and how they are linked to and support the Company's business strategy are summarised below:

Executive Board Directors

	Purpose and link to strategy	Operation	Maximum potential value	Performance conditions and assessment
Base salary	To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Company.	Base salary is normally set annually on 1 April. When considering any increases to base salaries in the normal course (as opposed to a change in role or responsibility), the Committee will take into consideration: - level of skill, experience, scope of responsibilities and performance; - business performance, economic climate, and market conditions; - pay and employment conditions of employees throughout the Group, including increases provided to staff; - inflation; and - increases provided to Executive Board Directors in comparable companies (although such data would be used with caution).	Salaries are typically set after considering the salary levels in companies of a similar size and complexity in the FTSE 250. Our overall policy is normally to target salaries at close to (but generally just below) median levels. Base salaries are intended to increase in line with inflation and general employee increases in salary. Higher increases may apply if there is a change in role, level of responsibility or experience or if the individual is new to the role. There is no maximum salary cap in place.	None
Annual bonus	The annual bonus aligns reward to key Group strategic objectives and drives short-term performance.	Executive Board Directors participate in an annual performance-related bonus scheme. Up to 25% of salary will be paid in cash. Up to 125% of salary will be deferred into shares for three years. Dividend equivalents may be payable on deferred share awards. The annual bonus plan rules contain clawback and malus provisions.	150% of salary.	Assessed annually and determined by the Committee based on financial, strategic and/or personal performance against the Group's business plan for each financial year.
Long Term Incentive Plan	The Long Term Incentive Plan aligns Executive Director interests with those of shareholders and rewards value creation.	Awards are made annually to the Executive Board Directors (and certain senior managers who are in a position to significantly influence the performance of the Group) in the form of nil-paid options. The awards granted under the Long Term Incentive Plan are subject to performance conditions to be met over a performance period of three years. Dividend equivalents may be payable on LTIP awards during the vesting period, to the extent awards vest. The LTIP contains malus and clawback provisions. A two year post vesting holding period applies to LTIP awards granted to Executive Directors following the 2018 AGM.	200% of salary, albeit actual award levels may be lower.	Vesting under the LTIP will be based on financial, share-price, strategic and/or ESG related performance measures.

	Purpose and link to strategy	Operation	Maximum potential value	Performance conditions and assessment
Pension	To provide competitive levels of retirement benefit.	Contribution made into Executive Director's personal pension plan, or a cash supplement of equivalent value paid in lieu of pension contribution.	Workforce aligned (currently 6% of salary).	None
Other benefits	To provide competitive levels of employment benefits.	Benefits include: - Private fuel; - Private medical insurance; - Permanent health insurance; - Life assurance of four times base salary; and - Relocation allowances (where relevant). Other benefits may be provided where appropriate. The type and level of benefits provided is reviewed annually to ensure they remain market competitive.	Maximum opportunity is the total cost of providing the benefits. There is no monetary cap on benefits.	None
Shareholding policy – in employment	To ensure that Executive Board Directors' interests are aligned with those of shareholders over a longer time horizon.	Requirement to build and maintain a holding of shares in the Company, through retaining at least 100% of shares vesting in discretionary share-based incentive plans if this guideline has not been met.	200% of salary.	N/A
Shareholding policy – post employment		Requirement to retain shares equal to 100% of the shareholding guideline (or the actual number of shares held against the guideline if the guideline is not met at cessation) up until the second anniversary of cessation. Own shares purchased and share awards granted prior to the 2021 AGM are excluded from the post-cessation guideline.		
All Employee Scheme	To encourage share ownership by all employees. This allows them to align their interests with those of investors and to share in the long-term success of the Company.	Executive Board Directors may participate in any HMRC tax favoured all employee arrangements.	In line with the prevailing HMRC limits.	None

Remuneration Committee Report continued

Notes to the policy table

The key principle for the short and long-term incentives is to provide a strong link between reward and individual and Group performance to align the interests of Executive Board Directors with those of shareholders.

1. Annual bonus performance measures and targets

Annual bonuses for the Executive Board Directors are based on:

- 25% of salary cash bonus: the average of the stores' performance against their quarterly targets providing direct alignment of the Directors' bonuses to performance (and the bonus levels) of the staff. The four Key Performance Indicators used to assess store performance are occupancy growth, store profitability, store audits and customer satisfaction. Store targets are set every quarter and an average of the four quarters is taken.
- 125% of salary deferred share bonus: measured against pre-set financial, operational, real estate, strategic and ESG-related targets.

2. Long Term Incentive Plan performance measures and targets

Performance metrics and targets for LTIP awards will provide a direct link between the incentive for the Executive Board Directors and the long-term value created for shareholders. The main two performance metrics, which may be supplemented by strategic and/or ESG-related metrics are:

- Relative TSR against the constituents of the FTSE Real Estate Index, given that Big Yellow's historic performance has been closely aligned to the performance of this Index.
- Adjusted EPS figure as reported in the audited results of the Group for the last complete financial year ending before the start of the performance period and the last complete financial year ending before the end of the performance period.

3. Malus and clawback

The cash annual bonus, deferred annual bonus plan and LTIP include malus and clawback provisions.

Malus is the adjustment of outstanding deferred bonus and LTIP awards as a result of the occurrence of one or more of the circumstances listed below. The adjustment may result in the value being reduced to zero. Malus will apply for the three year period from grant to vesting for the deferred bonus and LTIP awards.

Clawback is the recovery of payments/vestings under the cash bonus and LTIP as a result of the occurrence of one or more circumstances listed below. Clawback will apply for three years post payment of a cash bonus/grant of deferred share awards and three years post vesting for LTIP awards.

The circumstances in which malus and clawback could apply are as follows:

- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company;
- the assessment of any performance target or condition in respect of an award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the amount of an award was based on error, or inaccurate or misleading information;
- corporate failure or the occurrence of an insolvency event;
- action or conduct of an award holder which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and
- events or behaviour which have led to the censure of the Company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Company.

4. Discretion

The Committee has discretion in several areas of policy as set out in this report. The Committee may also exercise operational and administrative discretion under relevant plan rules approved by shareholders as set out in those rules. In addition, the Committee has the discretion to amend policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

In certain circumstances, the Committee will be required to exercise its discretion, taking into consideration the particular circumstances of an Executive Director's departure and/or the recent performance of the Company in determining the specific level of payments to be made.

In addition to the discretion under the terms of the annual bonus plan (both cash and deferred shares) and LTIP, the Committee has discretion to determine whether an individual is classified as a "good leaver".

It should be noted that it is the Committee's policy to only apply its discretion if the circumstances at the time are, in its opinion, sufficiently exceptional, and to provide a full explanation to shareholders where discretion is exercised. The Committee does not currently intend to amend or waive any performance conditions.

5. Differences in remuneration policy for all employees

All employees are currently entitled to base salary, benefits, pensions, and the Sharesave Scheme. Additionally, all employees are eligible for annual bonuses with the maximum opportunity available based on the seniority and responsibility of the role held.

The Company's LTIPs are granted to a number of key team members within Head Office, the area manager team and also to store managers.

Illustrations of application of Remuneration Policy

The graphs below seek to demonstrate how pay varies with performance for the Executive Board Directors based on the current Remuneration Policy.

The assumptions used in determining the level of pay out under given scenarios are as follows:

Scenario	Description	Chief Executive	Executive Chairman	Chief Financial Officer
Fixed Pay				
	Base salary (from 1 April 2023)	£490,100	£417,700	£362,000
	Estimated Benefits	£5,000	£5,000	£2,000
	Pension (% of salary)	6%	6%	6%
On-target	50% of annual bonus award being paid and 50% vesting of the LTIP.			
Maximum	100% of annual bonus award being paid (i.e. 150% of salary) and 100% vesting of the LTIP (i.e. 200% of salary, albeit actual awards levels may be lower).			
Maximum Plus 50% share price growth	As per the Maximum scenario but assuming 50% share price growth on LTIP awards.			

Chief Executive

Executive Chairman

Chief Financial Officer

Governance Report

Remuneration Committee Report continued

Summary policy table (Non-Executive Directors)

	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Fees	To attract Non-Executive Directors with the requisite skills and experience.	Fee levels are normally reviewed annually in March. The Non-Executive Director fee structure is a matter for the full Board. Non-Executive Directors may be entitled to benefits relating to travel and office support and such other benefits as may be considered appropriate. The fees may be paid in the form of shares.	Fee levels are normally set at broadly median levels for comparable roles at companies of a similar size and complexity within the FTSE 250. Fees are normally intended to increase in line with inflation.	N/A

Non-Executive Directors' fees comprise of a base fee, with an additional fee for Committee Chairs, the Senior Independent Non-Executive Director and the Employee Representative Director.

Approach to recruitment remuneration

The table below summarises our key policies with respect to recruitment remuneration:

Salary and benefits	- Set by reference to market and taking account of individual experience and expertise in the context of the role. - Salary would also be set with reference to the salary of any departing Executive Director and the remaining Executive Board Directors. - The Executive Director would be eligible to receive benefits in line with Big Yellow Group's benefits policy as set out in the remuneration policy table – this includes either a contribution to a personal pension scheme or cash allowance in lieu of pension benefits in line with the policies set out in the policy table.
Maximum variable incentive	- Annual bonus of up to 150% of base salary. - Long term incentive plan award of equivalent to 200% of base salary.
Sign-on payments	The Company does not provide sign-on payments to Executive Board Directors.
Share buy-outs	- Any previous outstanding share awards which the Executive Director holds which would be forfeited on cessation of his or her previous employment may be compensated. - Where this is the case, the general principle is that the outstanding award will be valued based on the consideration of the following factors: - The proportion of the performance period completed on the date of the Director's cessation of employment; - The performance conditions attached to the vesting of the incentives and the likelihood of them being satisfied; and - Any other terms and conditions having a material impact on their value. - The valuation will be conducted using a recognised valuation methodology by an independent party and the equivalent 'fair value' may be awarded as a one-off LTIP on date of joining under the Company's existing long-term incentive plan. To the extent that this is not possible, a bespoke arrangement will be used. - To ensure effective retention of the Executive Director upon recruitment, any new award will be granted subject to performance conditions and vesting may be over the same period as those forfeited from the previous employer or a new three year period. - The exact terms will be determined by the Remuneration Committee on a case-by-case basis taking into account all relevant factors.
Relocation policies	- In instances where the new Executive Director is relocating from one work location to another, the Company may provide, as a one-off or otherwise, a relocation allowance as part of the Director's relocation benefits. - The level of the relocation package will be assessed on a case-by-case basis but will take into consideration any cost of living differences, housing allowance and schooling.

Service contracts

The Company's policy on Directors' service contracts is that they should be on a rolling basis without a specific end-date providing for one year's notice. All Executive Board Directors have contracts which reflect this policy.

The Non-Executive Directors do not have service contracts with the Company. Their appointments are governed by letters of appointment which are available for inspection on request at the Company's registered office and which will be available for inspection at the Company's AGM. Each appointment is for a period of up to three years, although the continued appointment of all Directors is put to shareholders at the AGM on an annual basis. In addition, the appointment is terminable by either party giving notice of three months.

Payments for loss of office

Element	Approach
Salary and benefits	Salary and benefits may be paid in lieu of notice. In cases where a contract is terminated other than on the terms of the service contract, the Company will seek to mitigate any damages payable. There will be no compensation for normal resignation or in the event of termination by the Company due to misconduct.
Annual bonus	If the individual is a good leaver, any bonus will be paid/awarded on a pro-rata basis in respect of the period from the start of the financial year. Deferred share awards would normally vest at the normal vesting date (although may vest at the date of cessation). A good leaver is defined as an individual ceasing employment due to ill-health, disability, redundancy, or retirement or in any other circumstances which the Committee permits. A bad leaver is an Executive Director who does not fall within the category of "good leaver" and bad leavers will forfeit any entitlement to a bonus payment in respect of the current financial year or any completed financial year in respect of which the bonus has not been paid at the cessation date.
Long term incentives (LTIP)	A proportion of the LTIP awards held by good leavers will vest at the Committee's discretion determined by taking into account whether, and to what extent, any performance conditions have been satisfied and the length of time the LTIP award has been held at the date of cessation of employment. The LTIP awards will not normally vest until the end of the performance period with performance tested at that time, although exceptionally such awards may, at the discretion of the Committee, vest at cessation of employment. A good leaver is defined as an individual ceasing employment as a result of ill-health, injury, disability, redundancy, retirement, or the sale out of the Group of his employing business or any other reason which the Committee in its absolute discretion permits. A bad leaver is an Executive Director who does not fall within the category of good leaver, and bad leavers will forfeit any unvested awards.
Other	The Group may meet relocation and other incidental expenses on termination of employment, the fees of legal or other professional advisers, outplacement, compensation in respect of statutory rights under relevant employment protection legislation and accrued but untaken holiday. It may also elect to continue to provide certain benefits rather than making payment in lieu of the benefit in question.

Statement of consideration of shareholders' views

The views of our shareholders are very important to the Committee and we actively consulted with our major shareholders and the main representative bodies to help formulate the proposed new Remuneration Policy.

Any consultations on remuneration with shareholders and representative bodies will usually be led by the Chair of the Remuneration Committee.

The Remuneration Committee also considers shareholder feedback received in relation to the AGM each year at its first meeting following the relevant AGM. This feedback, as well as any additional feedback received during any other meetings with shareholders throughout the year, is then considered as part of the Company's annual review of remuneration policy.

The Remuneration Committee notes that shareholders do not speak with a single voice, but we engage with our largest shareholders to ensure we understand the range of views which exist on remuneration issues. When any material changes are proposed to the Remuneration Policy, the Remuneration Committee Chair will consult major shareholders in advance and will offer a meeting to discuss these.

Governance Report

Remuneration Committee Report *continued*

Shareholder voting

The Group is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the reasons for that voting will be sought and any actions in response will be detailed here. There have been no significant issues raised by shareholders in respect of remuneration in the year.

The table below shows the advisory vote on the 2022 Remuneration Report and the binding vote on the Remuneration Policy at the AGM held on 21 July 2022.

	Votes for	%	Votes Against	%	Votes withheld
2022 Remuneration Report	143,869,369	95.3%	7,090,817	4.7%	1,448,655
2022 Remuneration Policy	146,535,231	97.9%	3,210,946	2.1%	2,662,664

Annual Report on Remuneration

This section of the Remuneration Report contains details of how the Directors' Remuneration Policy will be implemented for the year ending 31 March 2024 and how it was implemented during the year ended 31 March 2023.

Implementing the policy for the year ending 31 March 2024

Base salary

The Committee continues to operate a policy of targeting base salaries "close to (but generally just below) median" although current base salary levels are well below the market level for a FTSE 250 company of Big Yellow's size and complexity.

From 1 April 2023, Executive Director salary levels were increased by 5% which was in line with the increase across the wider workforce (albeit a proportion of lower paid team members received a 6% increase).

	Chief Executive (Jim Gibson)	Executive Chairman (Nicholas Vetch)	Chief Financial Officer (John Trotman)
From 1 April 2022	£466,750	£397,800	£344,750
From 1 April 2023	£490,100	£417,700	£362,000
% increase	5%	5%	5%

Pension and benefits

Pension provision for the Executive Directors will continue at 6% of salary, which is in line with the pension offered to the general workforce. Benefit provision will remain unchanged (private fuel, private medical insurance, permanent health insurance, life assurance and relocation allowances, where relevant).

Annual bonus

Annual bonus potential will continue to be capped at 150% of salary for the year ending 31 March 2024.

Up to 25% of salary will continue to be aligned to the workforce annual bonus (measured against store performance, through occupancy growth, store profitability, store audits and customer satisfaction scores). Any bonus earned under this part will be payable in cash, following the year ending 31 March 2024.

The remaining 125% of salary will be measured against financial, operational, real estate and strategic targets measured over the financial year ending 31 March 2024. Any award under this part will be deferred into Big Yellow shares for three years (with vesting subject to continued employment).

LTIP

The LTIP will continue to operate in its current form and the targets for the 2023 LTIP awards are as follows:

	Weighting	Threshold (25% of this part of an award vests)	Maximum (100% of this part of an award vests)
Adjusted EPS	50%	4% p.a.	9% p.a.
Relative TSR	30%	Median	Upper Quintile
Retrofitting of solar panels on the Group's estate	10%	Retrofitting of solar panels on 30 of the Group's stores	Retrofitting of solar panels on 40 of the Group's stores
Proportion of Group's external debt facilities that are green loans	10%	30% of the Group's total debt facilities being green loans	50% of the Group's total debt facilities being green loans

Shareholding guidelines – in employment

The guideline to build and maintain a holding of at least 200% of salary in shares of the Company will continue to apply and has been met by all of the current Executive Board Directors. Where an Executive Director has not met the 200% of salary 'in employment' shareholding guideline, the Committee requires 100% of the net of tax discretionary share awards which vest to be retained until the shareholding guideline is met.

Shareholding guidelines – post employment

Executive Directors are required to retain shares equal to 100% of the shareholding guideline (or the actual number of shares held against the guideline if the guideline is not met at cessation) up until the second anniversary of cessation.

Non-Executive Directors

Non-Executive Director base fees for the year ending 31 March 2024 have been increased by 5% (in line with the general workforce increase) to £46,275. The increment for Committee Chairs and additional responsibilities has also been increased by 5% to £11,475 for the year ending 31 March 2024. These increases took effect from 1 April 2023.

Governance Report

Remuneration Committee Report continued

Single total figure of remuneration (Audited)

The table below sets out the single total figure of remuneration and breakdown for each Executive Director paid in the year ended 31 March 2023.

Year ended 31 March 2023		Fixed pay							
		Salary £		Taxable benefits ⁽¹⁾ £		Pensions ⁽²⁾ £		Total fixed pay £	
		2023	2022	2023	2022	2023	2022	2023	2022
Nicholas Vetch		397,800	382,500	4,693	5,094	23,868	22,950	426,361	410,544
Jim Gibson		466,750	448,800	7,643	6,526	28,005	26,928	502,398	482,254
Adrian Lee ⁽¹⁾		92,768	290,700	2,054	5,739	5,566	17,442	100,388	313,881
John Trotman		344,750	331,500	2,111	1,913	20,685	19,890	367,546	353,303
Total		1,302,068	1,453,500	16,501	19,272	78,124	87,210	1,396,693	1,559,982

		Variable pay						Total pay	
		Annual bonus – cash £		Annual bonus – deferred £		Long term incentives ⁽⁴⁾ £		Total variable pay £	
		2023	2022	2023	2022	2023	2022	2023	2022
Nicholas Vetch		39,382	39,398	440,066	456,131	419,119	295,550	898,567	791,079
Jim Gibson		46,208	46,226	516,342	535,194	478,993	316,858	1,041,543	898,278
Adrian Lee ⁽¹⁾		9,184	29,942	102,625	346,660	323,326	238,445	435,135	615,047
John Trotman		34,130	34,145	381,380	395,314	359,244	228,376	774,754	657,835
Total		128,904	149,711	1,440,413	1,733,299	1,580,682	1,079,229	3,149,999	2,962,239

⁽¹⁾ Adrian Lee stepped down from the Board on 21 July 2022. His remuneration is shown up to that date.

⁽²⁾ Taxable benefits comprise medical cover, permanent health insurance, life insurance and private fuel usage.

⁽³⁾ Nicholas Vetch, Jim Gibson and Adrian Lee receive a cash supplement in lieu of their full pension contributions. John Trotman receives a cash supplement in lieu of pension contributions to the extent that they exceed the prevailing individual allowance.

⁽⁴⁾ The values shown in long-term incentives in the current year are the LTIP award granted in 2019 which vested on 19 July 2022 to 90.1% of its maximum value and is valued using the share price on that date of £13.72.

The average salary increase across the Group in the year was 5.3%.

Cash Annual Bonus Plan awards – cash (25% of salary maximum)

The policy of the Company is that the cash bonus paid to the Executive Board Directors is the same as the average of the bonus awards (as a % of salary) paid to all the Group's stores on achieving their targets during the course of the year. It is an important part of the Group's culture that the Executive team are rewarded with the same level of annual bonus as the average for all staff.

In respect of the year under review, and in line with the average bonus as a percentage of salary paid across the stores the Executive Board Directors received a cash bonus of 9.9% of salary (out of a maximum of 25% of salary).

Overview of the staff (and Executive Director) cash bonus scheme

The staff bonus scheme is designed, on a quarterly basis, to reward each store with a bonus of up to 25% of their quarterly salary, made up of the following four key elements set out below.

Following feedback received from our shareholders on previous remuneration reports to increase the disclosure around the annual bonus, we have shown the average annual distribution of performance against target for each of the bonus measures across our stores and the corresponding average pay-out as a percentage of salary which directly corresponds to the bonus percentage pay-out for the Executive Board Directors. The individual store targets have not been disclosed as it would be impractical and commercially sensitive to disclose the targets for every one of our stores in this report.

The average performance against the four key targets and the associated bonus reward for the stores totalling 9.9% were as follows:

1. Occupancy

Stores that have recently opened receive occupancy targets on a quarterly basis, and their performance against this occupancy target contributes to their bonus. The bonus awarded to each store increases as the store moves further ahead of target. No bonus is awarded if the store fails to meet its target. The significant majority of the Group's stores are bonusd solely on profitability. The weighted average bonus paid to the newly opened stores for performance against occupancy targets was 0.2% of salary for the year.

2. Profitability

Each store is set a quarterly target for profitability. The weighting of the contribution of these metrics to the bonus varies based on store occupancy, with higher occupied stores having a higher weighting towards their performance against their profitability target.

The bonus awarded to each store increases as the store moves further ahead of target. No bonus is awarded if the store fails to meet its target. The performance distribution of the stores' performance against their individual targets are provided below.

Performance against target	Below target	0 to 1% ahead of target	1 to 2% ahead of target	2 to 3% ahead of target	>3% ahead of target	Total
No of stores	55	20	15	8	10	108
Average bonus paid	0.5%	6.2%	13.9%	18.1%	18.9%	6.4%

The weighted average bonus paid to stores for performance against profitability targets is therefore 6.4% of salary for the year.

3. Store audits

Stores receive a bonus if they receive a certain audit score based on visits carried out by the Group's store compliance team. There were 85 instances of stores receiving an audit bonus score across the year, leading to a weighted average bonus paid to the stores of 1.6% of salary.

4. Customer satisfaction

Stores are rewarded based on two elements of customer satisfaction, net promoter scores and individual customer service awards. The awards based on net promoter scores are summarised in the table below.

NPS score	<75	>75	Total
No of stores	33	75	108
Average bonus paid	0%	2.5%	1.7%

The weighted average bonus paid to stores for performance against net promoter scores is therefore 1.7% of salary for the year.

Summary

The bonus received by the stores against their targets in the year is summarised as follows.

Category	Actual % weighting for category	Average % of salary bonus paid across stores
1. Occupancy	0.2%	20%
2. Profitability	6.4%	65%
3. Store audits	1.6%	16%
4. Customer satisfaction	1.7%	17%
Total	9.9%	100%

In line with the Remuneration Policy an award of 9.9% of salary has therefore also been paid to the Executive Board Directors for the year, which equated to the following payments:

Nicholas Vetch	£39,382
Jim Gibson	£46,208
Adrian Lee*	£9,184
John Trotman	£34,130

* Pro-rated to 21 July 2022 (the full year equivalent award was £29,930).

Governance Report

Remuneration Committee Report continued

Deferred Annual Bonus Plan awards – deferred shares (125% of salary maximum)

The Group operates a deferred annual bonus plan. The Remuneration Committee sets targets at the start of the financial year across a broad range of financial and non-financial targets. Targets are either on a sliding scale or binary. The targets and the performance against them in the year is shown in the table below:

Sliding scale targets (55% weighting):

Pay-out	0%	100%	Performance	Pay-out
1. Revenue				
Weight: 22.5%	<£182.0m	>£188.0m	The Group's revenue for the year was £188.8 million.	100%
2. Adjusted Earnings per share				
Weight: 22.5%	<53.5p	>56.5p	The Group's adjusted earnings per share for the year was 56.5p.	100%
3. Staff Turnover				
Weight: 5%	>35	<28	The Group's staff turnover for the year was 29.6%.	77%
4. Net promoter score				
Weight: 5%	>72.5	<77.5	The Group's net promoter score for the year was 78.9.	100%

Binary targets (45% weighting):

	Fail	Pass		
Pay-out	0%	100%	Actual performance	Pay-out
5. Property Acquisitions				
Weight: 10%	Acquire at least two new sites for the Group during the year, either through new site acquisitions, or through the purchase of existing self storage centres, which complement the existing portfolio and which are consistent with the Group's strategy and long-term plans		The Group acquired development sites at Staples Corner, London, Farnham Road, Slough, Old Kent Road, London during the year. The Group also acquired an existing self storage centre in Aberdeen.	100%
6. Planning				
Weight: 10%	Obtain planning consent on at least two of the Group's development sites during the year, consistent with the strategy to continue to add high quality capacity to the Group's existing open store portfolio		The Group obtained planning consent during the year for its development sites at Slough Farnham Road and Staines, London.	100%
7. Disposal of Harrow				
Weight: 10%	Complete the construction of, and sell the industrial warehouse scheme at Harrow during the year		As explained in the Chairman's Statement, this target has not been met.	0%

Pay-out	Fail 0%	Pass 100%	Actual performance	Pay-out
8. Armadillo Sustainability				
Weight: 5%	Ensure all Armadillo have stores have obtained an EPC, remove a further six gas boilers in the Armadillo stores and approve a plan for upgrading the Armadillo stores to improve energy performance	All Armadillo stores have an EPC rating. 99% of the estate now has a green zone EPC rating of C or above with two stores still rated D. These will be recertified once they have undergone their major reception renovations including energy efficiency upgrades. Eight Armadillo stores have had gas boilers removed this year, with a further five planned for 23/24. There is a plan in place for the energy efficiency improvements across the Armadillo stores, predominately in the form of upgrading lighting and installing solar PV. Lighting upgrades have been completed as part of the reception makeovers in seven Armadillo stores this year.	100%	
9. Foundation				
Weight: 5%	Raise sufficient funds through our store network and matched contributions from the Group sufficient to provide grants of a minimum of £140,000 to our seven charities	The income raised through fundraising, matching donations, customer donations, move in donations and gift aid equals £204,000 this year. This has enabled us to provide grants of £192,500 to our seven charity partners over the course of the year.	100%	
10. Health and Safety				
Weight: 5%	For the Group's three measures of RIDDOR (Store customer, contractor and visitor health and safety, Big Yellow staff health and safety, and Big Yellow construction fit out health and safety), ensure none are above 2.5x	All three RIDDOR measures were below 2.5x in the year, with customer, contractor and visitor at 2.3x, staff at 0x and construction at 0x.	100%	

Summary table

The performance against each target, and its contribution to the deferred bonus payable is summarised in the table below:

Target	% achieved	Weighting	Contribution to plan vesting (%)
Revenue	100%	22.5%	22.5%
Earnings per share	100%	22.5%	22.5%
Staff turnover	77%	5%	3.85%
Net promoter score	100%	5%	5%
Property acquisitions	100%	10%	10%
Planning	100%	10%	10%
Disposal of Harrow	0%	10%	0%
Armadillo Sustainability	100%	5%	5%
Foundation	100%	5%	5%
Health and safety	100%	5%	5%
Total		100%	88.85%

The above performance assessment of 88.85% translates into a 110.6% award, of the 125% maximum potential. In addition to performance against the targets detailed above, the Committee has also reviewed the stakeholder experience in respect of the year ended 31 March 2023. Based on this review, the Committee considers the 110.6% of maximum award level to be appropriate.

Governance Report

Remuneration Committee Report continued

The value of award for each of the Executive Board Directors is shown below:

Director	Value of award
Nicholas Vetch	£440,066
Jim Gibson	£516,342
Adrian Lee*	£102,625
John Trotman	£381,380

* Pro-rated to 21 July 2022 (the full year equivalent award was £334,447).

The number of shares will be calculated by reference to the closing share price on the date of grant, which will be after the Company's Preliminary Announcement in May 2023. The awards will vest three years after the date of grant of each award.

Long Term Incentive Plan ("LTIP") awards (Audited)

The awards granted under the LTIP are subject to performance conditions to be met over a performance period of three years. There is no retesting of performance conditions and, if they are not satisfied, the awards will lapse.

The performance conditions applicable to the LTIP which vested in the year, which relate to EPS and TSR, are set out below. The Committee assessed the extent to which the EPS and TSR performance condition has been satisfied for the 2019 award which vested in 2022, with the following results:

Condition	Weighting	Threshold Performance required	Maximum Performance Required	LTIP value for meeting threshold and maximum performance (% salary)	Performance achieved	Vesting %
Adjusted eps growth	70%	Adjusted EPS growth of RPI + 3% per annum	Adjusted EPS growth of RPI + 8% per annum	25% to 100%	10.9% adjusted EPS growth, compared to 6.9% (RPI+3%), and 11.9% (RPI plus 8%). Adjusted EPS has been normalised for the impact of the placing in April 2020.	85.8%
Relative TSR	30%	Median of comparator group of real estate companies	Upper quartile of the comparator group	25% to 100%	5 out of 47 in comparator group of companies in the FTSE Real Estate Index.	100%
Total	100%					90.1%

The vesting of the 2019 LTIP award in 2022, equated to the following value for the Executive Board Directors based on the share price at the date of vesting:

Director	Shares Awarded	Shares Vested (based on 90.1% vesting)	Value at Vesting
Nicholas Vetch	33,905	30,548	£419,119
Jim Gibson	38,748	34,912	£478,993
Adrian Lee	26,155	23,566	£323,326
John Trotman	29,061	26,184	£359,244

LTIP awards granted in year ended 31 March 2023 (Audited)

The table below sets out the details of the long-term incentive awards granted in the year ended 31 March 2023 where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods.

Director	Award Type	Awards as a % of salary	Face value of award ⁽¹⁾	Percentage of award vesting at threshold performance	Maximum percentage of face value that could vest	Performance Period end date	Performance conditions
Nicholas Vetch	Annual cycle of awards over nil cost options	200% of salary	£795,600	25%	100%	21 July 2025	Adjusted EPS growth, relative TSR, ESG performance
Jim Gibson		200% of salary	£933,500				
John Trotman		150% of salary	£517,125				

⁽¹⁾ The face value of the award is calculated using the average share price three days prior to the grant date of 21 July 2022 (average share price of £13.69).

The performance conditions applicable to the awards granted in July 2022 are set out below:

Condition	Weighting	Threshold Performance required	Maximum Performance Required	LTIIP value for meeting threshold and max performance (% salary)	Basis for measurement
Relative TSR	40%	Median of comparator group of real estate companies	Upper quintile of the comparator group	25% to 100%	The average of the Group's closing mid-market share price over the three months preceding the start of the performance period and preceding the end of the performance period will be used, including dividends re-invested.
Adjusted EPS	50%	Adjusted average annual compound EPS growth of 4%	Adjusted average annual compound EPS growth of 9%	25% to 100%	The adjusted EPS figure reported in the audited results of the Group for the last complete financial year ending before the start of the performance period and the last complete financial year ending before the end of the performance period will be used.
Retrofitting of solar panels on the Group's estate	10%	Retrofitting of solar panels on 30 of the Group's stores	Retrofitting of solar panels on 40 of the Group's stores	25% to 100%	Based on the number of completed retrofits over the award period.
Proportion of Group's external debt facilities that are green loans	10%	30% of the Group's total debt facilities being green loans	50% of the Group's total debt facilities being green loans	25% to 100%	Based on the Group's external debt facilities at 31 March 2025.

Sharesave Scheme

The Group's Sharesave Scheme is open to all UK employees (including Executive Board Directors) with a minimum of six months' service and meets UK HMRC requirements, thus giving all eligible employees the opportunity to acquire shares in the Company in a tax efficient manner. All of the Executive Board Directors participated in the scheme during the financial year. The details of the Sharesave scheme options are shown on page 167.

Pension entitlements

The Company pays pension contributions into the Executive Board Directors' personal pension plans or makes a cash contribution in lieu of pension contributions. They do not participate in any defined benefit scheme. For the year ended 31 March 2023, the Company contribution was 6% of salary for the Executive Board Directors, in line with the contribution for the Company's employees.

Board changes (Audited)

As detailed in the Annual Report and Accounts 2022, at the 2022 AGM on 21 July 2022:

- Adrian Lee stepped down from the PLC board but continues to be employed in his role as Operations Director on the Board of the trading business. His remuneration arrangements remain largely unchanged.
- Richard Cotton stepped down as Non-Executive Director after serving his full term.

No payments:

- of money or any other assets were made to any former Director of the Company in the financial year ended 31 March 2023 (2022: no payments); and
- were made to any Director in respect of loss of office during the financial year ended 31 March 2023 (2022: no payments).

Governance Report

Remuneration Committee Report continued

Non-Executive Directors (Audited)

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director paid in the year ended 31 March 2023.

	2023 £	2022 £
Richard Cotton ⁽¹⁾	20,232	64,210
Anna Keay	55,000	53,705
Vince Niblett	65,935	53,705
Michael O'Donnell ⁽²⁾	55,000	25,200
Laela Pakpour Tabrizi	55,000	50,486
Heather Savory	55,000	53,705
Total	306,167	301,011

⁽¹⁾ Until retirement from the Board on 21 July 2022.

⁽²⁾ From appointment on 1 September 2021.

Non-Executive Directors received no taxable benefits for the year ended 31 March 2023.

Statement of Directors' shareholding (Audited)

The Executive Board Directors are required to build and maintain a holding of two times base salary. These requirements have been met by all Executive Board Directors throughout the year. Non-Executive Directors are not subject to a shareholding requirement. Details of the Directors' interests in shares are set out below [all interests are beneficial interests].

The table below shows, in relation to each Director, the total number of shares and share options in which they have an interest at 31 March 2023:

Executive Director	Share ownership requirement (multiple of salary)	Share ownership requirements met	Holding as multiple of March 2023 salary	Beneficially owned shares	LTIP awards subject to performance conditions	Deferred bonus plan awards	Unexercised LTIP options	Unexercised Sharesave options	Options exercised in the financial year
Nicholas Vetch	2x	Yes	184x	6,253,404	122,666	117,268	50,583	1,697	2,400
Jim Gibson	2x	Yes	45x	1,815,320	143,928	134,837	57,173	1,844	1,200
John Trotman	2x	Yes	8x	238,788	93,721	100,104	42,721	1,992	—

Non-Executive Directors' shareholdings (Audited)

Non-Executive	Beneficially owned shares
Michael O'Donnell	6,000
Vince Niblett	3,000
Anna Keay	—
Laela Pakpour Tabrizi	—
Heather Savory	—

Directors' share awards (Audited)

To provide further context on the shareholding of the Executive Board Directors, options in respect of ordinary shares for Directors who served in the year are as below:

Name	Date option granted	Scheme	No. of shares under option at 31 March 2022	Granted during the year	Exercised during the year ⁽¹⁾	Lapsed during the year	No. of shares under option at 31 March 2023	Exercise price	Market price at date of exercise	Date from which first exercisable	Expiry Date
Nicholas Vetch	19 July 2018	LTIP	20,035	–	–	–	20,035	nil p	–	19 July 2021	18 July 2028
	11 March 2019	SAYE	2,400	–	(2,400)	–	–	749.9p	1402p	1 April 2022	1 October 2022
	23 May 2019	DBP	30,519	–	–	–	30,519	nil p	–	23 May 2022	22 May 2029
	19 July 2019	LTIP	33,905	–	–	(3,357)	30,548	nil p	–	19 July 2022	18 July 2029
	15 June 2020	DBP	20,691	–	–	–	20,691	nil p	–	15 June 2023	14 June 2030
	5 August 2020	LTIP	36,946	–	–	–	36,946	nil p	–	5 August 2023	4 August 2030
	22 July 2021	DBP	31,616	–	–	–	31,616	nil p	–	22 July 2024	21 July 2031
	22 July 2021	LTIP	27,617	–	–	–	27,617	nil p	–	22 July 2024	21 July 2031
	8 June 2022	DBP	–	34,442	–	–	34,442	nil p	–	8 June 2025	7 June 2032
	21 July 2022	LTIP	–	58,103	–	–	58,103	nil p	–	21 July 2025	20 July 2032
Jim Gibson	8 August 2022	SAYE	–	1,697	–	–	1,697	1060.0p	–	8 August 2025	8 February 2026
	19 July 2018	LTIP	22,261	–	–	–	22,261	nil p	–	19 July 2021	18 July 2028
	11 March 2019	SAYE	1,200	–	(1,200)	–	–	749.9p	1402p	1 April 2022	1 October 2022
	23 May 2019	DBP	33,910	–	–	–	33,910	nil p	–	23 May 2022	22 May 2029
	19 July 2019	LTIP	38,748	–	–	(3,836)	34,912	nil p	–	19 July 2022	18 July 2029
	15 June 2020	DBP	23,647	–	–	–	23,647	nil p	–	15 June 2023	14 June 2030
	5 August 2020	LTIP	43,350	–	–	–	43,350	nil p	–	5 August 2023	4 August 2030
	1 March 2021	SAYE	996	–	–	–	996	903.2p	–	1 April 2024	1 October 2024
	22 July 2021	DBP	36,868	–	–	–	36,868	nil p	–	22 July 2024	21 July 2031
	22 July 2021	LTIP	32,404	–	–	–	32,404	nil p	–	22 July 2024	21 July 2031
John Trotman	8 June 2022	DBP	–	40,412	–	–	40,412	nil p	–	8 June 2025	7 June 2032
	21 July 2022	LTIP	–	68,174	–	–	68,174	nil p	–	21 July 2025	20 July 2032
	8 August 2022	SAYE	–	848	–	–	848	1060.0p	–	8 August 2025	8 February 2026
	19 July 2018	LTIP	16,537	–	–	–	16,537	nil p	–	19 July 2021	18 July 2028
	23 May 2019	DBP	25,190	–	–	–	25,190	nil p	–	23 May 2022	22 May 2029
	19 July 2019	LTIP	29,061	–	–	(2,877)	26,184	nil p	–	19 July 2022	18 July 2029
	15 June 2020	DBP	17,735	–	–	–	17,735	nil p	–	15 June 2023	14 June 2030
	5 August 2020	LTIP	32,020	–	–	–	32,020	nil p	–	5 August 2023	4 August 2030
	1 March 2021	SAYE	1,992	–	–	–	1,992	903.2p	–	1 April 2024	1 October 2024
	22 July 2021	DBP	27,329	–	–	–	27,329	nil p	–	22 July 2024	21 July 2031
Adrian Lee*	22 July 2021	LTIP	23,935	–	–	–	23,935	nil p	–	22 July 2024	21 July 2031
	8 June 2022	DBP	–	29,850	–	–	29,850	nil p	–	8 June 2025	7 June 2032
	21 July 2022	LTIP	–	37,766	–	–	37,766	nil p	–	21 July 2025	20 July 2032
	19 July 2018	LTIP	15,900	–	–	–	15,900	nil p	–	19 July 2021	18 July 2028
	11 March 2019	SAYE	2,400	–	(2,400)	–	–	749.9p	1402p	1 April 2022	1 October 2022
	23 May 2019	DBP	24,221	–	–	–	24,221	nil p	–	23 May 2022	22 May 2029
	19 July 2019	LTIP	26,155	–	–	(2,589)	23,566	nil p	–	19 July 2022	18 July 2029
	15 June 2020	DBP	15,962	–	–	–	15,962	nil p	–	15 June 2023	14 June 2030
	5 August 2020	LTIP	28,079	–	–	–	28,079	nil p	–	5 August 2023	4 August 2030
	22 July 2021	DBP	24,114	–	–	–	24,114	nil p	–	22 July 2024	21 July 2031
	22 July 2021	LTIP	20,989	–	–	–	20,989	nil p	–	22 July 2024	21 July 2031
	8 June 2022	DBP	–	26,176	–	–	26,176	nil p	–	8 June 2025	7 June 2032

* For Adrian Lee, the information is shown to 21 July 2022, the date he stepped down from the PLC Board.

⁽¹⁾ The aggregate gains made by Directors for the year ended 31 March 2023 on share options totals £39,126 (2022: £469,398).

Governance Report

Remuneration Committee Report continued

Performance and pay

The graph below shows the Group's performance, measured by TSR, compared with the performance of the FTSE All Share Real Estate Index and the FTSE All Share Index for the period since flotation. The FTSE All Share Real Estate Index is used for the assessment of the Company's LTIP.

CEO Remuneration

The table below sets out the details of remuneration of the CEO over the past ten financial years.

Year	CEO single figure of total remuneration (£)	Annual bonus (cash) pay-out % against maximum of 25% of salary	Annual bonus (deferred) pay-out % against maximum of 125% of salary	Long term incentive weighted average vesting rates against maximum opportunity %
2023	1,543,941	39.6% (9.9% of salary)	88.85% (110.6% of salary)	90.1%
2022	1,380,532	41.2% (10.3% of salary)	95.4% (119.25% of salary)	61.6%
2021	1,393,490	62.8% (15.7% of salary)	95% (118.75% of salary)	83.6%
2020	1,136,633	37.2% (9.3% of salary)	47.5% (59.4% of salary)	100%
2019	1,182,482	40.8% (10.2% of salary)	81.875% (102.3% of salary)	100%
2018	2,178,066	51.6% (12.9% of salary)	n/a	95%
2017	850,619	40% (10% of salary)	n/a	100%
2016	988,811	48% (12% of salary)	n/a	100%
2015	1,756,290	50% (12.5% of salary)	n/a	98%
2014	536,262	40% (10% of salary)	n/a	53%

The single figure of remuneration for 2015 and 2018 are higher than in other years due to the vesting of the three year Long Term Bonus Performance Plan in those years delivering a reward of £945,750 (97% vesting) and £1,343,995 (93.33% vesting) respectively for the three year period ended in that year.

Percentage change in the Director remuneration

The table below compares the percentage change in each Director's annual remuneration (i.e. salary/fees, benefits, and annual bonus) with the remuneration of Big Yellow Group employees.

	% Change from 2019/2020 to 2020/2021			% Change from 2020/2021 to 2021/2022			% Change from 2021/2022 to 2022/2023		
	Salary/Fee	Benefits	Bonus	Salary/Fee	Benefits	Bonus	Salary/Fee	Benefits	Bonus
Nicholas Vetch	5%	(13%)	78%	4%	3%	(30%)	4%	(6%)	0%
Jim Gibson	8%	9%	81%	4%	6%	(30%)	4%	17%	0%
John Trotman	6%	(26%)	79%	4%	18%	(30%)	4%	10%	0%
Anna Keay	2%	n/a	n/a	3%	n/a	n/a	4%	n/a	n/a
Vince Niblett	2%	n/a	n/a	3%	n/a	n/a	23%	n/a	n/a
Michael O'Donnell	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Laela Pakpour Tabrizi	n/a	n/a	n/a	3%	n/a	n/a	9%	n/a	n/a
Heather Savory	n/a	n/a	n/a	3%	n/a	n/a	4%	n/a	n/a
Average employees	3%	2%	74%	2%	2%	(29%)	5%	5%	1%

Where a Director has not served on the Board for the full financial year, "n/a" is shown in the salary/fee column of the above table.

CEO pay ratio

The data shows how the CEO's single figure remuneration for the year ended 31 March 2023 (as taken from the single figure remuneration table) compares to equivalent single figure remuneration for full-time equivalent UK employees, on a Group basis, ranked at the 25th, 50th and 75th percentile.

Year	Method	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
2023	Option A	55 to 1	49 to 1	31 to 1
2022	Option A	58 to 1	50 to 1	36 to 1
2021	Option A	58 to 1	47 to 1	30 to 1

No components of pay and benefits have been omitted for the purpose of the above calculations. Option A was selected given that this method of calculation was considered to be the robust approach in respect of gathering the required data. The underlying quartiles for salary and total remuneration numbers for full-time equivalent UK employees are set out below.

Year	Salary			Total pay and benefits		
	25 th %tile	Median	75 th %tile	25 th %tile	Median	75 th %tile
2023	£23,005	£26,790	£37,440	£28,148	£31,398	£48,746
2022	£21,278	£24,669	£34,445	£23,535	£27,286	£38,098
2021	£20,862	£24,190	£34,008	£24,109	£29,406	£46,162

Statement of consideration of employment conditions elsewhere in the Group

The Committee reviews the reward and retention of the whole employee population periodically throughout the year to ensure that it can attract and retain top talent. Consideration is given to the general basic salary increase, remuneration arrangements and employment conditions. Furthermore, the annual cash bonus awarded to Executive Board Directors is directly linked to the bonuses awarded to all staff.

The Directors are invited to be present at this review of the proposals for salary increase for the employee population generally and on any other changes to remuneration policy within the Company. The information presented at this review is taken into consideration when setting the pay levels of the executive population. Additionally, the Committee has guidelines for the grant of all LTIP awards across the Company and responsibility for approving the total annual bonus cost of the Company.

The Company, through the Workforce Engagement Non-Executive Director, invited employees to comment on the remuneration of Directors during the year, and has engaged with the workforce to explain how executive remuneration aligns with the wider company pay policy. When considering remuneration levels to apply, the Committee takes into account base pay increases, bonus payments and share awards made to the Company's employees generally.

Governance Report

Remuneration Committee Report continued

Relative importance of spend on pay

The graph below sets out the relative importance of spend on pay in the year ended 31 March 2023 and 31 March 2022 compared with other disbursements from profit, being the distributions to shareholders and retained earnings (comprehensive gain for the year less dividends).

Gender and ethnicity pay

The Group has reported on its gender pay gap for April 2022. The full report can be found on our investor relations website <http://corporate.bigyellow.co.uk/investors.aspx>. The Group's mean gender pay gap was 24% (2021: 25%), with a median gap of 6% (2021: 7%). Excluding Executive Board Directors, the mean gender pay gap falls to 13% (2021: 9%) with a median gap of 6% (2021: 5%). This increase resulted from buying the remaining 80% share of Armadillo Self Storage in July 2021, which added 72 relevant employees to our Company headcount, 37 of whom were female. Of these female employees, 30 were at a more junior level and therefore included in the lower two pay quartiles. We continue to work to address this imbalance. All staff are paid equally according to job role.

It is pleasing to see that our Mean Gender Pay Gap has decreased to 24% from 25% in April 2021. This reduction from 25% was due to increase in female representation in the Upper Quartile from 27% in April 2021 to 29% in April 2022.

The Group has also analysed its ethnicity pay for April 2021. The Group's mean ethnicity pay gap was 0% (2021: 1%), with a median gap of 5% (2021: 4%). All staff are paid equally according to job role.

We believe that diversity and inclusion are key to a successful and sustainable business, and we are committed to creating a culture where all team members can be themselves, feel empowered to succeed and deliver a customer experience that is second to none. We encourage and enable all employees, regardless of their gender, race, background, or any other characteristics, to reach their full potential as we believe that having a diverse workforce with fair representation is strategically important and generates value to our stakeholders.

In the year we have continued to collect ethnicity data to better understand the ethnic mix of our workforce. To date, 98% of our team have volunteered their ethnicity data. This data indicates that 20% of Big Yellow's team members belong to a Black, Asian, Mixed or other ethnic group, compared with 18.3% of people who make up this group in the UK (2021 census data).

Over the last 12 months we have continued the work of our Inclusivity and Diversity Committee, actively listening to feedback from our colleagues across the business to drive change and improve awareness. Here are just some of our key achievements during this time:

Policy and strategy

- Recognising that women may need additional consideration and support during the menopause, we introduced a Menopause Policy, as well as training Menopause Champions to provide advice and support.
- We introduced a Transgender Equality Policy to support transgender and transitioning employees, raising knowledge and levels of awareness across the business.
- We have improved our communication of the work of the Inclusivity and Diversity Committee and inclusivity and diversity matters generally, through updates in our ESG newsletter and our blog and Intranet.
- We have utilised our Company blog to recognise key dates that matter to our employees such as religious festivals, national community and health / wellbeing events.
- We have held regular meetings between line managers and the People, Talent and Development Team to review Inclusion and Diversity and identify ongoing opportunities for improvement across the different areas of the business.

Recruitment and talent

- Our Big Yellow Foundation supports seven charities who work with vulnerable adults to help find them sustainable employment. During the year we offered work placements to four people within our Distribution Centre and stores.
- We have been working with a specialist consultancy to identify opportunities to improve our brand awareness and recognition as an employer of different diverse groups.
- We reviewed our job advertisements, benefits and working practices so that they have a greater appeal to female applicants, based upon feedback received from new employees. We also reviewed and amended job advertisements to remove any gender bias.
- We focused on attracting more female candidates through developing the careers pages on our Company website, including adding additional career reviews to help promote diversity and inclusion.
- The proportion of our female Store Managers remains unchanged at 32% in March 2023 compared to March 2022.
- 36% of new starters in our stores in the year ended 31 March 2023 were of an ethnic minority group (2022: 34%).
- 14% of our team members in stores are over 50, an increase from 10% in 2022.

Learning and development

- We organised British Sign Language training for 95 employees, with the aim of improving diversity within our workforce, as well as offering an improved service to any deaf or hard of hearing customers.
- We arranged for one of our Learning and Development team to train as a Dyslexia / Dyscalculia Assessor so that they are able to assess and support employees who have / may have dyslexia.
- Our investments in e-learning have resulted in females completing 15% more hours per individual of eLearning.

Whilst our Gender Pay Gap is reducing on a gradual basis and we will continue to work to reduce it further, we recognise that it would be unrealistic to close this gap quickly, given that all three of the Executive Directors are male and two of them were founders of the business nearly 25 years ago.

We have however, made significant progress in relation to inclusion and diversity initiatives over the last 12 months and will continue to challenge our thinking around how we recruit new skills and manage and develop existing talent going forward.

We will continue to drive change via our Inclusivity and Diversity Committee and through listening to feedback from our people.

Our future initiatives include continuing to develop our family friendly policies, seeking feedback on inclusivity and diversity through our annual employee engagement survey and further developing our brand recognition as a truly diverse and inclusive employer.

We will continue to provide opportunities for people of all abilities, expanding our Work Placement Programme to help people to find sustainable employment.

Advisers to the Remuneration Committee

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. FIT Remuneration Consultants LLP have been advisers to the Committee since 2017. The Committee is comfortable that the FIT team provides independent remuneration advice to the Committee and does not have any other connections with Big Yellow that may impair their independence. FIT is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com.

During the year, FIT provided independent advice on a wide range of remuneration matters including the proposed new Remuneration Policy. FIT provides no other services to the Company. The fees paid to FIT in respect of work carried out for the year under review were £11,000 (ex VAT).

Approval

This policy report was approved by the Board of Directors on 22 May 2023 and signed on its behalf by

Michael O'Donnell
Remuneration Committee Chair

Audit Committee Report

The Audit Committee is appointed by the Board from the Non-Executive Directors of the Company. The Audit Committee's terms of reference include all matters indicated by Disclosure Guidance and Transparency Rule 7.1, the UK Corporate Governance Code, and the new FRC ethical standard.

Committee members and attendance

Member	Number of meetings attended
Laela Pakpour Tabrizi – Chair	●●●●
Richard Cotton – Member (until 21 July 2022)	●●●●
Anna Keay – Member	●●●●
Vince Niblett – Member	●●●●
Michael O'Donnell – Member	●●●●
Heather Savory – Member	●●●●
● attended ○ absent ● not applicable	

Introduction

The terms of reference are considered annually by the Audit Committee and are then referred to the Board for approval. The terms of reference are available on the Company's website: <https://corporate.bigyellow.co.uk/investors/corporate-governance>

The Audit Committee is responsible for:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained therein;
- reviewing the Group's internal financial controls and the Group's internal control and risk management systems, including consideration of the need for an internal audit function;
- making recommendations to the Board, for a resolution to be put to the shareholders for their approval in general meetings, on the appointment of the external auditor, and the approval of the remuneration and terms of engagement of the external auditor;
- assessing and challenging estimates and judgements included within the financial statements;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; and
- ensuring the external auditor only provides those services permitted by the Ethical Standard of the FRC.

The Audit Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

This year the Committee has continued to focus on the narrative reporting and corporate governance disclosures in the Annual Report. The Committee was asked by the Board to review the statement by the Directors that the Annual Report presents a fair, balanced, and understandable view of the Group's position and performance, strategy, and business model. The Committee also reviewed the Group's going concern and viability statements.

All Audit Committee members are expected to be financially literate. Furthermore, the Audit Committee structure requires the inclusion of one financially qualified member (as recognised by the Consultative Committee of Accountancy Bodies). Vince Niblett, as a Fellow of the Institute of Chartered Accountants of England and Wales and Laela Pakpour Tabrizi as an experienced Finance Director, currently carrying out that role at Consumer Converged at Virgin Media O2, fulfil that requirement.

The Group provides an induction programme for new Audit Committee members and ongoing training to enable all of the Committee members to carry out their duties. The induction programme covers the role of the Audit Committee, its terms of reference and expected time commitment by members and an overview of the Group's business, including the main business and financial dynamics and risks. New Committee members also meet some of the Group's staff. Ongoing training includes attendance at formal conferences, internal company seminars and briefings by external advisers.

Meetings

The Audit Committee is required to meet three times per year and has an agenda linked to events in the Group's financial calendar. The agenda is predominantly cyclical and is therefore approved by the Audit Committee Chair on behalf of her fellow members. Each Audit Committee member has the right to require reports on matters of interest in addition to the cyclical items.

The Audit Committee invites the Chief Executive, Chief Financial Officer, Financial Controller, and senior representatives of the external auditor to attend its meetings in full, although it reserves the right to request any of these individuals to withdraw. The Committee meets as required with the external auditor without the Executive Board Directors or senior management present. Other senior management are invited to present such reports as are required for the Committee to discharge its duties.

Overview of the actions taken by the Audit Committee to discharge its duties

Since the beginning of the financial year the Audit Committee has:

- reviewed published financial information including the year-end results, Annual Report, half year results and the Quarterly Trading Statements, including review of Alternative Performance Measures used by the Group;
- considered whether the Annual Report provides a fair, balanced, and understandable view of the Group's position and performance, strategy, and business model;
- assessed and concluded on the Group's viability statement and the going concern assessment for the annual and half yearly financial statements;
- considered the output from the Group-wide process used to identify, evaluate, and mitigate risks;
- reviewed the effectiveness of the Group's internal controls and disclosures made in the annual report and financial statements on this matter, and considered the impact of the BEIS review on the Group;

- reviewed and agreed the scope of the audit work to be undertaken by the external auditor;
- agreed the fees to be paid to the external auditor for their audit of the financial statements and review of the half-yearly report;
- considered and agreed the approach of performing Directors' valuations of investment properties for the half-year report;
- undertaken an assessment of the qualification, expertise and resources, and independence of the external auditor and the effectiveness of the audit process;
- considered the audit partner and audit firm rotation;
- undertaken an evaluation of the performance of the external auditor and assessed their effectiveness;
- held discussions with the auditors on key judgements;
- considered the need for an internal audit function;
- considered the FRC ethical standard governing non-audit services and audit committees;
- reviewed the arrangements for "whistleblowing" by employees to ensure that there is a consistent policy in the Group to enable employees to voice concerns particularly in respect of possible financial reporting improprieties. A whistleblowing policy is included in the employee handbook and there is an external whistleblowing monitoring service;
- met the Group's external valuers and considered their competence and independence;
- met the Group's Store Compliance Manager;
- reviewed the Audit Committee's Report; and
- reviewed its own effectiveness.

Financial Reporting Council Correspondence

During 2022, correspondence was received from the Financial Reporting Council ("FRC") which confirmed that the FRC had conducted a review of the Group's Annual Report and Financial Statements for the year ended 31 March 2022. The FRC did not raise any formal comments which required a response from the Company. Instead, the FRC noted certain matters which the Company should consider in the preparation of its Annual Report and Financial Statements for the year ended 31 March 2023. The Company has considered the matters noted by the FRC and has included certain additional information and disclosures, where material and relevant, in the 2023 Annual Report and Financial Statements. The Committee reviewed management's response to the matters noted by the FRC, and considers the additional information and disclosure included in the 2023 Annual Report and Accounts to be appropriate. It should be noted the correspondence from the FRC provides no assurance that the annual report and accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements. The FRC accepts no liability for reliance on this letter by the company or any third party, including but not limited to investors and shareholders.

Audit Committee Report continued

Financial reporting and significant financial judgements

The Committee reviews all financial information published by the Group in year-end and half-year financial statements, including the presentation and disclosure of the financial information. It also considers the appropriateness of the accounting policies adopted by the Group and the accounting judgements made by management in the preparation of the financial information.

The Committee has considered whether the Annual Report for the year ended 31 March 2023 provides a fair, balanced, and understandable view of the Group's position and performance, strategy, and business model and whether it provides the necessary information to enable shareholders and prospective shareholders to assess the Group's position and performance, strategy, and business model. The Committee is satisfied that the Annual Report for the year ended 31 March 2023 provides a fair, balanced, and understandable view and includes the necessary information as set out above. The Committee has confirmed this to the Board, whose statement is included in the Statement of Directors' Responsibilities on page 125.

The Committee focuses on matters it considers important in their impact on the reported results of the Group, and on matters where there is a high degree of complexity and/or judgement.

The critical accounting estimate that the Committee focuses on at the reporting date is the valuation of the investment property portfolio. This is carried out by independent external valuers, but by its nature it is subjective, with significant judgement applied to the valuation, particularly given the lack of transactional evidence for prime self storage assets. The Chair of the Committee met the external valuers to discuss the valuations, review the key judgements, and discussed whether there were any disagreements with management. This year the Committee reviewed and challenged the valuers on the cap rates, rental growth assumptions and stabilised occupancy levels, to agree on the appropriateness of the assumptions adopted. The Committee also met with the external valuers and satisfied itself on their independence, their quality control processes (including peer partner review) and qualifications to carry out the valuations. Management also have processes in place to review the external valuations. In addition, the external auditors use valuation specialists to review the valuations and report their findings and conclusions to the Audit Committee.

The Committee has also considered a number of other judgements made by management in the preparation of the financial statements. The Committee has concluded that there are not significant levels of judgements involved, other than the valuation described above.

There has been no change to the other key judgement included in the financial statements, which is that the Group's stores should be accounted for as Investment Property.

Management has reported to the Audit Committee that they are satisfied that they are not aware of any material misstatements in the financial statements. The external auditors confirmed in their report to the Audit Committee that they had not found any material misstatements during their audit work.

Based on the above, the Committee concluded that the financial statements appropriately apply the key estimates and critical judgements, in respect of the disclosures and the amounts reported. The Committee also concluded that the annual report and financial statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Group's position and performance, strategy, and business model.

External auditor

The Audit Committee is responsible for the development, implementation, and monitoring of the Group's policy on external audit. The policy assigns oversight responsibility for monitoring the independence, objectivity, and compliance with ethical and regulatory requirements to the Audit Committee, and day-to-day responsibility to the Chief Financial Officer. The policy states that the external auditor is jointly responsible to the Board and the Audit Committee and that the Audit Committee is the primary contact.

To fulfil its responsibility regarding the independence of the external auditor, the Audit Committee reviewed:

- the external auditor's plan for the current year, noting the role of the senior statutory audit partner, who signs the audit report and who, in accordance with professional rules, has not held office for more than five years, and any changes in the key audit staff;
- the arrangements for day-to-day management of the audit relationship;
- a report from the external auditor describing their arrangements to identify, report and manage any conflicts of interest; and
- the overall extent of non-audit services provided by the external auditor, in addition to its case-by-case approval of the position of non-audit services by the external auditor.

Audit rotation

During 2016 following a robust tender process, the Committee appointed KPMG LLP as auditors. As part of the tender process, the Committee reviewed KPMG's proposals for the audit and determined that they had an appropriate plan in place to carry out an effective audit. KPMG confirmed to the Committee that it maintained appropriate internal safeguards to ensure its independence and objectivity. Anna Jones is the current audit partner, and this is the second year that she has been the signatory to the Group's financial statements.

The Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 and the Code. The Order became effective for financial years beginning on or after 1 January 2015 and applies to the Company with effect from the financial year ended 31 March 2016. To comply with the Order the Company intends to conduct a formal tender process for audit services during the financial year ending 31 March 2027. The Committee considers this timing to be in the best interests of the Company, as it allows for a new lead audit partner to be appointed (in accordance with the Order) and conduct a full year audit ahead of the formal audit tender process.

Annual auditor assessment

The Audit Committee has adopted a formal framework in its review of the effectiveness of the external audit process and audit quality which include the following areas:

- the arrangements for ensuring the external auditor's independence and objectivity;
- the senior statutory auditor and the audit team;
- the external auditor's fulfilment of the agreed audit plan and variations from the plan;
- the quality of the formal audit report to shareholders;
- the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- the robustness and perceptiveness of the auditor in his handling of the key accounting and audit judgements; and
- the content of the external auditor's comments on control improvement recommendations.

Regard is paid to the nature of, and remuneration received, for other services provided by KPMG LLP to the Group and, inter alia, confirmation is sought from them that the fee payable for the annual audit is adequate to enable them to perform their obligations in accordance with the scope of the audit. The only non-audit service provided is the auditors' review of the half year report.

Non-audit work

The Group's policy on external audit sets out the categories of non-audit services which the external auditor will and will not be allowed to provide to the Group, including those that are pre-approved by the Audit Committee and those which require specific approval before they are contracted for, subject to de minimis levels. The Group's non-audit policy reflects the Ethical Standard on Non-Audit Services which came into effect on 15 March 2020. The Committee's policy is that the auditors will not be asked to carry out non-audit work with the exception of the half year review and regulatory and bank required reporting.

More generally, the auditors may not provide a service which places them in a position where they may be required to audit their own work. Specifically, they are precluded from providing services relating to bookkeeping, financial information system design and implementation, appraisal or evaluation services, actuarial services, any management functions, taxation advisory services, investment banking services, legal services unrelated to the audit or advocacy services.

In respect of the year ended 31 March 2023, the auditor's remuneration comprised £537,000 for audit work and £60,000 for other work, solely relating to the interim review. Over a three year rolling period, the level of non-audit fees is below the audit fee, with non-audit fees representing 14% of audit fees in 2022 and 10% in 2021.

Risk management and internal control

The Committee and the Board reviewed the internal control processes of the business and the Group's risk register during the year. The risks and uncertainties facing the Group, and its internal control processes are considered in the Strategic Report on pages 44 to 49.

Internal audit

The Committee has considered the Board's view that, given the relatively straightforward nature of the Group's business and the control environment in place, no formal internal audit function is required. The Group has a store compliance team, which effectively carries out an internal audit role for the Group's stores, visiting each store twice a year. This provides the Committee comfort over the store related aspects of the Group's business. The Committee meets with the Store Compliance Manager as required, and at least once a year.

Additionally, on a regular cycle, the Board appoints external consultants to assess specific business areas of risk and provide a report to the Board and the Committee on this area. The cycles covered by this activity include construction expenditure, treasury, taxation, and facilities management. This gives the Committee comfort over the controls over key business cycles within the Company.

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

Overview

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditor.

The Chair of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Approved by the Audit Committee and signed on its behalf by:

Laela Pakpour Tabrizi
Audit Committee Chair

22 May 2023

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the audited financial statements and auditor's report for the year ended 31 March 2023. The Report on Corporate Governance on pages 81 to 87 forms part of this report.

Details of significant events since the balance sheet date are included in note 25 to the financial statements. An indication of likely future developments in the business of the Company is included in the strategic report.

Included in note 18 are the Group's financial risk management objectives and policies and an indication of the Group's exposure to certain risks. Those elements of that note form part of this report and are incorporated by reference.

Dividends

The Directors are recommending the payment of a final dividend of 22.9 pence per share for the year (2022: 21.4 pence per ordinary share). An interim dividend of 22.3 pence per share was paid in the year (2022: 20.6 pence per share).

All of the 45.2 pence per share payable for the year is a Property Income Distribution.

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

From April 2018 dividend tax credits have been replaced by an annual £2,000 tax-free allowance on dividend income across an individual's entire share portfolio. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of the dividends paid by Big Yellow Group PLC, and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

SECR and mandatory GHG reporting

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('SECR') came into force on 1 April 2019 and applies to companies with financial years starting on or after 1 April 2019.

The 2018 Regulations define what must be included in the Directors' Report, namely:

- Annual Greenhouse Gas (GHG) emissions from activities for which the Company is responsible including combustion of fuel and operation of any facility, such as such as our flexi-office gas heating, reception area air conditioner coolant replacement, one Company van diesel fuel use emissions and fit-out 'diesel' use emissions (assuming qualifying fit-out activities have taken place during the year);
- Annual emissions from the purchase of electricity, heat, steam or cooling by the Company for its own use, such as the electricity for our stores and construction fit-out activities;
- Underlying global energy use;
- Previous year's figures for energy use and GHG;
- At least one intensity ratio metric;
- Energy efficiency action taken; and
- Methodology used.

We will also continue to report on our Scope 3 emissions: Electricity supplier 'transmission and distribution' emissions and 'employee business travel (from car mileage claims only)'. This year for the first time we have included grid bought electricity used and measured by third party telecoms masts. Consumption is reported bi-annually and deducted from Big Yellow's Scope 2 data. The standard grid bought electricity conversion factors are applied. Voluntary GHG emissions, from our waste and water supply chains, are assessed as 'not material'. We will also retain the practice of reporting our previous few years of performance to show longer term trends.

The 'Market based emission' reported here reflect the emissions associated with the electricity tariff we have purchased; whereas 'Location-based emissions' are emissions associated with the UK grid and applies the required DEFRA conversion factors. Where we have not indicated market-based or location-based figures, location-based can be assumed.

Please note, our operations are solely based in the UK, and we therefore will be reporting a single geographical scope – UK and offshore area only.

a) Data

Year ended 31 March		2021 Total Restated to include Armadillo	2022 Total	2023 Total
GHG Scope 1 total tCO ₂ e	Total Scope 1 Emissions (location-based)	279.8	294.9	232.8
GHG Scope 2 total tCO ₂ e	Total Scope 2 Emissions (location-based)	2,563.8	2,368.3	2,130.1
GHG Scope 2 total tCO ₂ e	Total Scope 2 Emissions market-based	0.0	0.0	0.0
Total GHG Scope 1 & 2	Total Scope 1&2 Emissions (location-based)			
Total tCO ₂ e		2,843.6	2,663.2	2,362.9
Total GHG Scope 1 & 2	Total Scope 1&2 Emissions (market-based)			
Total tCO ₂ e		279.8	294.9	232.8
Scope 3 total tCO ₂ e	Electricity transmission losses	224.0	208.6	192.8
	Telecoms emissions on our sites	174.0	178.1	177.0
	Employee business travel	76.1	92.8	140.9
Total Scope 3 total tCO ₂ e	Electricity transmission losses, telecoms emissions, employee business travel	474.1	479.5	510.7
kgCO ₂ e / revenue (£000s) – location-based	Greenhouse Gas (GHG) emissions intensity from building energy consumption	18.6	15.1	12.5
kgCO ₂ e / revenue (£000s) – market-based	Greenhouse Gas (GHG) emissions intensity from building energy consumption	1.8	1.7	1.2
kgCO ₂ e / Occupied space	Greenhouse Gas (GHG) emissions intensity from building energy consumption (Scope 1 and 2 location-based)	6.3	5.4	5.0
kgCO ₂ e / CLA	Greenhouse Gas (GHG) emissions intensity from building energy consumption (Scope 1 and 2 location-based)	5.1	4.7	4.0
Energy data 4	Underpinning Scope 1 and 2 emissions data (kWh)	12,777,915.1	12,750,155.2	12,271,496

Notes to the data table: Regarding restating each year, the last 3 months of our emissions data is reported using prior year's conversion factors, due to an emission factor publication lag – we operate on a 'best available data' principle and will therefore restate each year.

Regarding Market based emissions, as of 1 October 2019 we purchase Rego backed 100% renewable energy from Opus Energy, so are able to provide both location-based and market-based CO₂e emissions. The three location-based intensity metrics are calculated from the location-based Scope 1&2 totals. The one market-based intensity metric is calculated from the market-based Scope 1 & 2 totals.

b) Methodology for calculating emissions

Scope 1, Gas

Data collection: Big Yellow gas data – and some of our Armadillo gas data – is metered and automatically transmitted into our energy and emission reporting platform, Envizi. Gas use for the remaining stores with gas is obtained from supplier invoices and manually uploaded onto Envizi. This process is part of the assurance work undertaken by SGS each year. Any gaps are accrued.

Calculations: Our software platform, Envizi, contains our consumption data as well as the current BEIS emission factors. These are used to calculate emissions automatically when our reports are produced. Our annual data straddles two emission factor years; as soon as the latest factors are released, our partners ensure Envizi contains the most up to date set and this is applied against the relevant data set.

Scope 1, Van

Data collection: our maintenance manager records any miles driven to service our stores. The data is collected quarterly and sent to our partners for uploading into Envizi. Envizi commutes the mileage data into emissions.

Calculations: km travelled x emission conversion factor for a diesel average van (up to 3.5 tonnes) in km/kgCO₂e / 1000 to convert to tCO₂e.

Scope 1, Fit-out diesel

Data collection: diesel consumption used on our fit-out construction projects is collected manually by the construction team and reported weekly in the Construction Fit-Out report. The final report for the financial year is used to assess the overall diesel consumption during the year.

Calculation: the total diesel consumption in litres converted to kWh using the gross CV kWh/litre for Diesel (average biofuel blend) x emission conversion factor in kWh (Gross CV)/kgCO₂e for a Diesel (average biofuel blend) / 1000 to convert to tCO₂e.

Scope 2, Location-based, electricity

Data collection: Big Yellow electricity data – and most of our Armadillo electricity data – is metered and automatically transmitted into our energy and emission reporting platform, Envizi. Electricity used for the remaining stores is obtained from supplier invoices and manually uploaded onto Envizi. This process is part of the assurance work undertaken by SGS each year. Any gaps are accrued.

Calculations: Our software platform, Envizi, contains our consumption data as well as the current DEFRA emission factors. These are used to calculate emissions automatically when reports are produced. Our annual data straddles two emission factor years; as soon as the latest factors are released, our partners ensure Envizi contains the most up to date set and this is applied against the relevant data set.

Scope 2, Market-based, electricity

Data collection: the same as for location-based electricity.

Calculations: instead of applying the location-based emission factors, we manually set electricity emissions at 0 as we have been purchasing 100% Rego backed electricity since 1st October 2019. For total Scope 1 & 2 emissions, market-based, we set Scope 2 at 0 and Scope 1 the same as per above.

Governance Report

Directors' Report continued

Scope 3, Electricity transmission and distribution losses

Data collection: we use data collected for the location-based grid bought electricity data.

Calculation: the total grid supplied electrical consumption in kWh x T&D emission conversion factor in kWh/kgCO₂e / 1000 to convert to tCO₂e.

Scope 3, Telecoms masts

Data collection: we use the data collected by the company who installs and operates 3rd party telecoms masts at 17 of our store locations. The consumption for these masts is reported bi-annually via spreadsheet and manually uploaded into our software platform, Envizi.

Calculations: The standard grid-bought electricity conversion factors are applied.

Please note, when the consumption data is uploaded into Envizi it is posted as a negative amount to ensure it is deducted from our own, grid-bought electricity consumption.

Scope 3, Employee business travel

Data collection: we use our employee expenses reimbursement data held in our Finance system to calculate business miles travelled.

Calculation: using 'cars (by size) Average car' conversion factors, we multiply the miles travelled reimbursed with the BEIS/DEFRA factor to arrive at the emissions, for business travel.

Please note that we produce a yearly Basis of Reporting document which sets out the methodology we use for all of our KPIs, including GHG emissions.

We have included a special section for the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

c) Energy efficiency measures

Background

We have a long-standing strategy of pro-actively managing our energy consumption and seeking to become an ever more efficient business. We have reported progress over the years both in our Annual Reports as well as in our standalone annual ESG Reports; all these are available online in our Investor and Sustainability sections respectively.

Between 2012 and 2017 we undertook a company-wide upgrade of our lighting to LED and to install motion sensor controls to ensure lights are only used when customers need them; plus a small amount of the permanent emergency lighting was improved to LED.

Although most of that work has been completed, a small number of 'mop-up' LED activities continue to take place, especially where we have not been able to gain access to customers' units to execute the changeover.

With the acquisition of the remaining 80% of Armadillo in 2021, we have identified several Armadillo stores with the potential for upgrading to half hour ("HH") automatic meter reading. This work was commissioned last year and is ongoing.

All other stores' electricity meters and gas meters are fitted with HH automatic meter readers; the data is available to us via an externally hosted platform and used by the internal Environmental Committee to review our performance on a quarterly basis.

During last year, we commenced on a programme to remove the gas central heating & hot water boilers at a number of our stores with the aim of decarbonising our business by 2030. This programme is ongoing.

We have completed the preliminary phases of a solar retrofitting programme. We have also committed to expanding this programme to cover all stores that are able to hold solar. This year we have added a further 3,464kWp of capacity to 23 stores.

The two new stores that were opened during the year (Harrow and Kingston North) were fitted with 50 & 85kWp solar installations. We also acquired a Store in Aberdeen during the year which had an existing 50kWp installed.

Most recent ESOS assessment findings and resulting actions

Our ESOS Phase 2 assessment has emphasised the fact that due to the non-complex nature of our stores, we are limited by the amount of potential energy saving measures we are able to undertake.

Our independent ESOS assessor's recommendations therefore focused on increasing our existing Solar PV estate. This recommendation is in alignment with our broader Sustainability Strategy.

During the year, we have installed solar systems at 25 stores:

- Three newly build/acquired stores, with a total installed capacity of 185kWp amongst them
- 23 stores were retrofitted with solar totalling a capacity of 3,464kWp

During the year, we have generated 1,681,230kWh of solar energy (an increase of 94% from the previous year), thereby (a) reducing our energy demand from the grid by the kWh we are using on site and (b) increasing the grid's renewable mix by exporting part of our energy as the size of our solar installations exceed our demand.

During the year, we have had our science-based targets verified by the SBTi.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 22. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 23, and details of shares held by the Company's Employee Benefit Trust are set out in note 22.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Corporate Governance Code, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Report on Corporate Governance on page 82.

There are a number of agreements that take effect, alter, or terminate upon a change of control of the Company such as commercial contracts, bank loan agreements, property lease arrangements and employee share plans. The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

During the year the Company issued 298,595 shares to satisfy the exercise of share options (2022: 334,970).

Directors

The Directors of the Company who served throughout the year and to the date of approval of the financial statements, except as noted below, were as follows:

Richard Cotton	Non-Executive Director (retired from the Board on 21 July 2022)
Jim Gibson	Chief Executive Officer
Anna Keay	Non-Executive Director
Adrian Lee	Operations Director (retired from the Board on 21 July 2022)
Vince Niblett	Senior Independent Director
Michael O'Donnell	Non-Executive Director
Heather Savory	Non-Executive Director
Laela Pakpour Tabrizi	Non-Executive Director
John Trotman	Chief Financial Officer
Nicholas Vetch	Executive Chairman

Biographical details of the Executive and Non-Executive Directors standing for re-election are set out on pages 78 to 80.

Directors' indemnities

The Company purchases liability insurance covering the Directors and officers of the Company and its subsidiaries.

Political contributions

No political donations were made by the Company in either the current or preceding financial year.

Substantial shareholdings

The Company had been notified, in accordance with Chapter 5 of the Disclosure Guidance and Transparency rules, of the following voting rights as a shareholder of the Company at 31 March 2023 and 22 May 2023.

	No. of ordinary shares 31 March 2023	Percentage of voting rights and issued share capital 31 March 2023	No. of ordinary shares 22 May 2023	Percentage of voting rights and issued share capital 22 May 2023
Blackrock Inc	19,362,947	10.5%	19,511,737	10.6%
The Vanguard Group Inc	8,733,881	4.7%	8,776,322	4.8%
MFS Investment Management	7,893,045	4.3%	7,862,492	4.3%
FMR LLC	6,744,811	3.6%	7,091,693	3.8%
State Street Global Advisors	5,857,131	3.2%	5,938,215	3.2%

n/d – interest not disclosable at the applicable date.

The interest of the Directors in the share capital of the Company is shown on page 110 of the Remuneration Report.

Governance Report

Directors' Report continued

Purchase of own shares

The Company was granted authority at the AGM in 2022 to purchase its own shares up to a total aggregate value of 10% of the issued nominal capital. That authority expires at this year's AGM and a resolution will be proposed for its renewal. During the year the Company made no purchases of its own shares.

Employee consultation

The Group seeks to ensure employee commitment to its objectives in a number of ways. Strategic changes are communicated directly to all staff who are encouraged to address queries to the Executive Directors. The Directors' executive meetings are frequently held in stores and in addition Directors and senior management visit the stores on a regular basis. Furthermore, there are regular team briefings at store level to provide employees with information about the performance of and initiatives in their store. A wide range of information is also communicated across the Group's Intranet, including the e-publication of the Group's financial results and all press releases, and regular updates from each Department.

As discussed in the Corporate Governance Report, the Board has appointed a designated Non-Executive Director, Anna Keay, to act as the primary method of workforce engagement for Big Yellow in accordance with the Corporate Governance Code.

Employees are encouraged to participate in the Group's performance through Employee Share Schemes and performance related bonuses. 53% of eligible employees participate in the Group's Sharesave Scheme.

The Group's recruitment policy is committed to promote equality, judging neither by race, nationality, religion, age, gender, disability, sexual orientation, nor political opinion and to treat all stakeholders fairly.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Human Rights

Big Yellow respects Human Rights and aims to provide assurance to internal and external stakeholders that we are committed to human rights and the principles of the Universal Declaration of Human Rights.

We are committed to creating and maintaining a positive and professional work environment that reflects and respects the basic rights of freedom to lead a dignified life, free from fear or want, and where stakeholders are free to express their independent beliefs. Our employment policies and practices reflect a culture where decisions are made solely on the basis of individual capability and potential in relation to the needs of the business.

Modern Slavery Act

The Group is committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our Anti-slavery Policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains. Our policy is published in full on our website.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

This confirmation is given and should be interpreted in accordance with s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board



Shauna Beavis
Company Secretary

22 May 2023

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable, and in respect of the parent Company financial statements only, prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

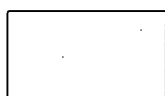
We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 22 May 2023 and is signed on its behalf by:


Jim Gibson
 Chief Executive Officer


John Trotman
 Chief Financial Officer

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



1. Our opinion is unmodified

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

In our opinion:

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

Basis for opinion

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

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

Overview

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

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

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

	The Risk	Our response
Valuation of Investment Property, including Investment Property under Construction Investment Property £2,449.6 million; (2022: £2,342.2 million) Investment Property Under Construction £260.7 million; (2022: £285.4 million) <i>Refer to page 118 (Audit Committee Report), page 143 (accounting policy) and pages 151 to 156 (financial disclosures).</i>	Subjective valuation: Investment property valuation is subjective and inherently judgemental in nature and therefore results in a risk of error and fraud. We considered in our risk assessment that there was an increased risk compared to the prior year as a result of the macroeconomic environment which could impact the inputs into the valuations, particularly on Investment Property Under Construction. Investment property fair values are calculated using actual and subjective assumptions inputs such as store occupancy, future growth in net rent, discount rates and exit capitalisation rates. For investment property under construction additional estimates include expected costs to complete, allowances for development risk and the risk of not obtaining planning permission for non-consented sites. The Group employs an external valuer to apply professional judgement concerning market conditions and factors impacting individual properties. The investment market for prime self storage is subject to market uncertainty due to the low volume of comparable transactions. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investment properties including investment property under construction has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. Disclosure quality: The financial statements (note 15) disclose the sensitivity estimated by the Group. The Directors' assessment of the extent of the disclosure is based on an evaluation of the inherent risks to the valuation. The risk for our audit is whether or not those disclosures adequately address the uncertainties within the valuation.	Our procedures included: – Assessment of accounting policy application: We assessed whether the valuation, presentation and disclosure of Investment Properties and Investment Property under Construction is in accordance with the Group accounting policy and IAS 40 Investment Property. – Assessing valuer credentials: We assessed the external valuer qualifications and expertise and read its terms of engagement with the Group to determine whether there were any matters that might have affected their independence and objectivity or may have imposed scope limitations upon their work. – Methodology choice: We read the external valuation report which covers 100% of the investment properties (including those under construction) and assessed whether the valuation approach was in accordance with RICS standards and suitable for use in determining the value for the purpose of the financial statements. – Personnel interview: We met with the external valuer, the Group's senior management and the audit committee chair with our own internal valuation specialists to discuss the valuation process, key assumption inputs such as occupancy, capital expenditure forecasts for investment property under construction and discount rates, and the rationale behind significant or unusual valuation movements during the year. – Our sector experience: We used our knowledge of the entity, our experience of the real estate industry and observed industry norms when assessing the key assumptions and the significant or unusual valuation movements and, for investment property under construction, we considered the judgement made by the Directors and external valuers for planning risk for non-consented sites. – Data provided to the valuer: We performed property visits and tested the current and historical accuracy of information used to generate key inputs to the valuation such as maximum lettable area, store occupancy and net rental income by physically inspecting a sample of storage units and inspecting a sample of customer storage licence agreements. – Independent re-performance: Using our own internally produced model and the external valuer and Directors' inputs we assessed the accuracy of the valuation as produced by the external valuer. – Tests of detail: For investment property under construction we compared the historical accuracy of management's forecast construction costs to actual spend on similar construction projects in the past three years. We checked that supporting information for construction contracts and budgets such as original construction cost reports, which was also supplied to the valuer, was consistent with the Group's records. We assessed whether externally available pricing and inflation data inclusive of allowance for risk in development valuations were appropriately factored into the costs to complete forecast provided to the valuer. We also obtained evidence that planning permission had been granted for those development sites for which this was applicable.

Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Group revenue

Group profit before tax

Group total assets

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

4. The impact of climate change on our audit

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

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

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

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

5. Going concern

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

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

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

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

Our procedures also included:

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

Our conclusions based on this work:

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

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

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

Identifying and responding to risks of material misstatement due to fraud

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

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

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

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

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

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

We also performed procedures including:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Strategic report and Directors' report

Based solely on our work on the other information:

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

Directors' remuneration report

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

Disclosures of emerging and principal risks and longer-term viability

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

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

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

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

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

Corporate governance disclosures

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

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

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

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

We have nothing to report in this respect.

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

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

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

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

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

Auditor's responsibilities

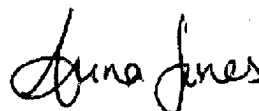
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit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

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

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

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

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



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

22 May 2023

Financial Statements

Consolidated Statement of Comprehensive Income

Year ended 31 March 2023

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

EPRA earnings per share are shown in Note 12.

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

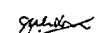
The accompanying notes form part of the financial statements.

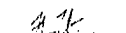
Consolidated Balance Sheet

31 March 2023

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

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


Jim Gibson
 Director


John Trotman
 Director

Company Registration No. 03625199

The accompanying notes form part of the financial statements.

Financial Statements

Consolidated Statement of Changes in Equity

Year ended 31 March 2023

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

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

The issue of share capital is net of expenses.

Year ended 31 March 2022

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

The accompanying notes form part of the financial statements.

Consolidated Cash Flow Statement

Year ended 31 March 2023

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

The accompanying notes form part of the financial statements.

Financial Statements

Notes to the Financial Statements

Year ended 31 March 2023

1. General Information

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

2. Significant accounting policies

Basis of preparation of financial statements

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

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

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

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

New and revised IFRSs adopted in year

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

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

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

New and revised IFRSs in issue but not yet effective

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

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

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

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

2. Significant accounting policies continued

Basis of accounting

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

Going concern

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

At 31 March 2023 the Group had available liquidity of approximately £32 million, from a combination of cash and undrawn bank debt facilities. The Group additionally has a \$225 million credit approved shelf facility with Pricoa Private Capital to be drawn in fixed sterling notes. The Group can draw the debt in minimum tranches of £10 million over the next two and half years with terms of between 7 and 15 years at short notice, typically 10 days. The Group is cash generative and for the year ended 31 March 2023, had operational cash flow of £112.0 million, with capital commitments at the balance sheet date of £6.1 million.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements, taking into account the Group's operating plan and budget for the year ending 31 March 2024 and projections contained in the longer-term business plan which cover the 18 month period. After reviewing these projected cash flows together with the Group's and Company's cash balances, borrowing facilities and covenant requirements, and potential property valuation movements over that period, the Directors believe that, taking account of severe but plausible downsides, the Group and Company will have sufficient funds to meet their liabilities as they fall due for that period.

The Group's revolving credit facility of £240 million with Lloyds, HSBC and Bank of Ireland expires in October 2024. The Group intends to refinance this loan with the banks this year, but does not rely on the refinancing of the loan to reach its conclusion on going concern.

In making their assessment, the Directors have carefully considered the outlook for the Group's trading performance and cash flows as a result of the current economic environment, taking into account the trading performance of the Group over the recent dislocations in the global economy from Covid-19 and the Russian invasion of Ukraine. The Directors have also considered the performance of the business during the Global Financial Crisis. The Directors modelled several different scenarios, including material reductions in the Group's occupancy rates and property valuations, and assessed the impact of these scenarios against the Group's liquidity and the Group's banking covenants. The scenarios considered did not lead to breaching any of the banking covenants, and the Group retained sufficient liquidity to meet its financial obligations as they fall due.

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

Basis of consolidation

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

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

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

Notes to the Financial Statements continued

Year ended 31 March 2023

2. Significant accounting policies continued

Intangible assets

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

Investment in associates

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

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

Revenue recognition

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

Other storage related income comprises:

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

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

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

Borrowings

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

2. Significant accounting policies continued

Finance costs and income

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

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

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

Debt modification

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

Operating profit

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

Taxation

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

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

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

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

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

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

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

Notes to the Financial Statements continued

Year ended 31 March 2023

2. Significant accounting policies continued

Leases

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

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

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

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

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

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

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

Alternative Performance Measures (APMs)

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

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

Plant, equipment, and owner-occupied property

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

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

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

2. Significant accounting policies continued

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

Investment property

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

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

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

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

Investment property under construction

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

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

Impairment of assets

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

Inventories

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

Financial instruments

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

A – Derivative financial instruments and hedge accounting

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

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

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

Notes to the Financial Statements continued

Year ended 31 March 2023

2. Significant accounting policies continued

B – Financial assets

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

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

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

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

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

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

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

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

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

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

Subsequent measurement and gains and losses

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

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

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

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

C – Impairment of financial assets

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

2. Significant accounting policies continued

Measurement of ECLs

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

Write-offs

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

D – Cash and cash equivalents

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

E – Financial liabilities and equity

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

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

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

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

Retirement benefit costs

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

Share-based payments

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

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

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

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Notes to the Financial Statements continued

Year ended 31 March 2023

2. Significant accounting policies continued**Climate change**

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

Critical accounting estimates and judgements

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

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

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

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

3. Revenue

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

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

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

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

3. Revenue continued

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

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

4. Segmental information

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

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

5. Profit for the year

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

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

b) Analysis of auditor's remuneration:

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

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Notes to the Financial Statements continued

Year ended 31 March 2023

6. Employee costs

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

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

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

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

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

7. Investment income

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

8. Finance costs

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

9. Taxation

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

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

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

A reconciliation of the tax charge is shown below:

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

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

10. Adjusted profit

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

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

Financial Statements

Notes to the Financial Statements continued

Year ended 31 March 2023

11. Dividends

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

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

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

12. Earnings per share

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

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

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

13. Net assets per share

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

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

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

13. Net assets per share continued

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

14. Non-current assets

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

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

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

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

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

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Year ended 31 March 2023

14. Non-current assets continued

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

b) Plant, equipment, and owner-occupied property

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

c) Intangible assets

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

d) Investment

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

14. Non-current assets continued

e) Investment in associates

Armadillo

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

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

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

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

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

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Year ended 31 March 2023

15. Valuation of investment property

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

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

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

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

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

15. Valuation of investment property continued

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

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

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

Portfolio Premium

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

Assumptions

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

Short leasehold

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

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Year ended 31 March 2023

15. Valuation of investment property continued

Sensitivities

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

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

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

Investment properties under construction

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

Valuation assumption for purchaser's costs

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

16. Trade and other receivables

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

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

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

Trade receivables

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

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

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

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

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

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

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

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Year ended 31 March 2023

16. Trade and other receivables continued

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

Year ended 31 March 2023	Not past due	<31 days	31-45 days	>45 days	Total
Expected credit loss rate (%)	0.2%	16.2%	19.9%	100%	17.1%
Gross carrying amount (£000)	4,413	850	84	904	6,251
Lifetime ECL (£000)	(11)	(138)	(17)	(904)	(1,070)
Net trade receivables at 31 March 2023	4,402	712	67	—	5,181

Year ended 31 March 2022	Not past due	<31 days	31-45 days	>45 days	Total
Expected credit loss rate (%)	0.2%	10.4%	20.5%	100%	10.6%
Gross carrying amount (£000)	4,058	733	71	464	5,326
Lifetime ECL (£000)	(8)	(77)	(14)	(464)	(563)
Net trade receivables at 31 March 2022	4,050	656	57	—	4,763

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

Movement in the credit loss allowance

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

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

17. Trade and other payables

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

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

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

18. Financial instruments

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

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

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

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

A. Balance sheet management

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

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

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

B. Debt management

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

C. Interest rate risk management

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

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Notes to the Financial Statements continued

Year ended 31 March 2023

18. Financial Instruments continued

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

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

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

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

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

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

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

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

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

18. Financial Instruments continued

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

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

D. Interest rate sensitivity analysis

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

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

E. Cash management and liquidity

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

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

F. Foreign currency management

The Group does not have any foreign currency exposure.

G. Credit risk

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

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

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Year ended 31 March 2023

18. Financial instruments continued

H. Financial maturity analysis

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

2023 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Aviva loan	158,927	3,159	3,317	7,451	145,000
M&G loan payable at variable rate	85,000	–	–	–	85,000
M&G loan fixed by interest rate derivatives	35,000	–	–	–	35,000
Bank loan payable at variable rate	216,000	–	216,000	–	–
Total	494,927	3,159	219,317	7,451	265,000
2022 Maturity	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
Debt					
Aviva loan	161,935	3,008	3,159	10,459	145,309
M&G loan payable at variable rate	85,000	–	85,000	–	–
M&G loan fixed by interest rate derivatives	35,000	–	35,000	–	–
Bank loan payable at variable rate	99,000	–	–	99,000	–
Armadillo loan fixed by interest rate derivatives	26,350	–	26,350	–	–
Armadillo loan payable at variable rate	13,150	–	13,150	–	–
Total	420,435	3,008	162,659	109,459	145,309

I. Fair values of financial instruments

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

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

18. Financial instruments continued

J. Maturity analysis of financial liabilities

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

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

K. Reconciliation of maturity analyses

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

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

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Notes to the Financial Statements continued

Year ended 31 March 2023

19. Borrowings

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

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

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

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

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

The Armadillo loans were repaid during the year using the RCF bank facility.

The Group has a £120 million loan with M&G Investments Limited, with a bullet repayment in September 2029. The loan is secured over a portfolio of 15 freehold self storage centres.

In addition to the facilities above, during the year, the Group signed a \$225 million credit approved shelf facility with Pricoa Private Capital ("Pricoa"), to be drawn in fixed sterling notes. The Group can draw the debt in minimum tranches of £10 million over the next two and a half years with terms of between 7 and 15 years at short notice, typically 10 days.

The movement in the Group's loans are shown net in the cash flow statement as the bank loan is a revolving facility and is repaid and redrawn each month. The Group repaid the Armadillo debt facilities during the year (£39.5 million drawn). The movement has been shown net in the cash flow statement. The other Group loans are not revolving, and any movements in those loans are disclosed in a footnote to note 26b.

The Group was in compliance with its banking covenants at 31 March 2023 and throughout the year. The principal covenants are summarised in the table below:

Covenant	Covenant level	At 31 March 2023
Consolidated EBITDA	Minimum 1.5x	7.2x
Consolidated net tangible assets	Minimum £250m	£2,182.4m
Bank loan interest cover	Minimum 1.75x	9.1x
Aviva loan interest service cover ratio	Minimum 1.5x	5.9x
Aviva loan debt service cover ratio	Minimum 1.2x	3.8x
M&G interest cover	Minimum 1.5x	4.9x

The Consolidated EBITDA covenant is calculated by dividing the consolidated EBITDA generated by the Group's stores by the Group's consolidated net finance costs.

The bank loan interest cover, the Aviva loan interest service cover ratio and the M&G interest cover covenants are calculated by dividing the EBITDA generated by each loan's security pool by the interest payable for each loan for each defined time period. The Aviva loan debt service cover ratio is calculated by taking the EBITDA generated by the Aviva security pool and dividing by the Aviva loan interest payable and facility amortisation.

19. Borrowings continued

Interest rate profile of financial liabilities

	Total £000	Floating rate £000	Fixed rate £000	Weighted average interest rate	Period for which the rate is fixed	Weighted average period until maturity
At 31 March 2023						
Gross financial liabilities	494,927	301,000	193,927	4.7%	4.8 years	3.9 years
At 31 March 2022						
Gross financial liabilities	420,435	197,150	223,285	3.1%	4.6 years	3.4 years

All monetary liabilities, including short-term receivables and payables are denominated in sterling. The weighted average interest rate includes the effect of the Group's interest rate derivatives. The Directors have concluded that the carrying value of borrowings approximates to its fair value.

Narrative disclosures on the Group's policy for financial instruments are included within the Strategic Report and in note 18.

20. Deferred tax

Deferred tax assets in respect of IFRS 2 £0.1 million (2022: £0.1 million), corporation tax losses £6.3 million (2022: £6.5 million), capital allowances in excess of depreciation £0.2 million (2022: £0.3 million) and capital losses £2.1 million (2022: £2.1 million) in respect of the non-REIT taxable business have not been recognised as it is not considered probable that sufficient taxable profits will arise in the relevant taxable entity. The unused tax losses can be carried forward indefinitely.

21. Obligations under lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2023 £000	2022 £000	2023 £000	2022 £000
Amounts payable under lease liabilities:				
Within one year	2,048	1,989	2,020	1,958
Within two to five years inclusive	6,149	7,421	5,652	6,651
Greater than five years	21,766	22,765	12,024	12,067
	29,963	32,175	19,696	20,676
Less: future finance charges	(10,267)	(11,499)		
Present value of lease liabilities	19,696	20,676		

All obligations under lease liabilities are denominated in sterling. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The carrying amount of the Group's lease obligations approximates their fair value.

Financial Statements

Notes to the Financial Statements continued

Year ended 31 March 2023

22. Share capital

	Called up, allotted, and fully paid	
	2023 £000	2022 £000
Ordinary shares of 10 pence each	18,427	18,397
Movement in issued share capital		
Number of shares at 31 March 2021		175,880,470
Issue of shares – placing		7,751,938
Exercise of share options – Share option schemes		334,970
Number of shares at 31 March 2022		183,967,378
Exercise of share options – Share option schemes		298,595
Number of shares at 31 March 2023		184,265,973

The share capital of the Company consists only of fully paid ordinary shares with a nominal (par) value of £0.10 per share. There are no restrictions on the ability of shareholders to receive dividends, nor on the repayment of capital. All ordinary shares are equally eligible to receive dividends and the repayment of capital in accordance with the Company's Articles of Association and represent one vote at shareholders' meetings of the Company.

At 31 March 2023 options in issue to Directors and employees were as follows:

Date option Granted	Option price per ordinary share	Date first exercisable	Date on which the exercise period expires	Number of ordinary shares 2023	Number of ordinary shares 2022
29 July 2014	nil p**	29 July 2017	29 July 2024	–	830
21 July 2015	nil p**	21 July 2018	21 July 2025	989	1,989
22 July 2016	nil p**	22 July 2019	21 July 2026	1,944	2,944
2 August 2017	nil p**	2 August 2020	2 August 2027	5,809	5,809
13 March 2018	675.4p*	1 April 2021	1 April 2022	–	1,599
24 July 2018	nil p**	24 July 2021	24 July 2028	54,441	96,002
11 March 2019	749.9p*	1 April 2022	1 April 2023	–	46,996
19 July 2019	nil p**	19 July 2022	19 July 2029	170,545	353,920
2 March 2020	947.0p	1 April 2023	1 April 2024	43,016	48,241
5 August 2020	nil p**	5 August 2023	5 August 2030	372,757	398,146
1 March 2021	903.2p*	1 April 2024	1 April 2025	81,216	86,670
22 July 2021	nil p**	22 July 2024	22 July 2031	300,444	319,922
8 August 2022	1060.3p*	8 August 2025	8 February 2026	72,429	–
21 July 2022	nil p**	21 July 2025	21 July 2032	443,218	–
				1,546,808	1,363,068

* SAYE (see note 23).

** LTIP (see note 23).

Own shares

The own shares reserve represents the cost of shares in Big Yellow Group PLC purchased in the market and held by the Big Yellow Group PLC Employee Benefit Trust, along with shares issued directly to the Employee Benefit Trust. 1,122,907 shares are held in the Employee Benefit Trust (2022: 1,122,907), and no shares are held in treasury.

23. Share-based payments

The Company has three equity share-based payment arrangements, namely an LTIP scheme (with approved and unapproved components), an Employee Share Save Scheme ("SAYE") and a Deferred Bonus Plan. The Group recognised a total expense in the year related to equity-settled share-based payment transactions of £3,735,000 (2022: £3,390,000).

Equity-settled share option plans

Since 2004 the Group has operated an Employee Share Save Scheme ("SAYE") which allows any employee who has more than six months service to purchase shares at a 20% discount to the average quoted market price of the Group shares at the date of grant. The associated savings contracts are three years at which point the employee can exercise their option to purchase the shares or take the amount saved, including interest, in cash. The scheme is administered by Globalshares.

On an annual basis since 2004 the Group awarded nil-paid options to senior management under the Group's Long Term Incentive Plan ("LTIP"). The awards are conditional on the achievement of challenging performance targets as described on page 103 of the Remuneration Report. The awards granted in 2019 vested to 90.1% of their potential. The weighted average share price at the date of exercise for options exercised in the year was £13.13 (2022: £14.84).

LTIP scheme	2023 No. of options	2022 No. of options
Outstanding at beginning of year	1,179,562	1,223,533
Granted during the year	504,431	382,433
Lapsed during the year	(83,846)	(176,404)
Exercised during the year	(250,000)	(250,000)
Outstanding at the end of the year	1,350,147	1,179,562
Exercisable at the end of the year	107,656	124,901

The weighted average fair value of options granted during the year was £2,795,000 (2022: £1,742,000).

Participants pay the nominal value of the shares when exercising options under the LTIP scheme.

Options outstanding at 31 March 2023 had a weighted average contractual life of 7.9 years (2022: 8.1 years).

Employee Share Save Scheme ("SAYE")	2023 No. of options	2023 Weighted average exercise price (£)	2022 No. of options	2022 Weighted average exercise price (£)
Outstanding at beginning of year	183,506	8.75	281,708	8.15
Granted during the year	72,715	10.60	—	—
Forfeited during the year	(10,965)	9.29	(13,232)	8.92
Exercised during the year	(48,595)	7.50	(84,970)	6.76
Outstanding at the end of the year	196,661	9.71	183,506	8.75
Exercisable at the end of the year	—	—	—	—

Options outstanding at 31 March 2023 had a weighted average contractual life of 1.7 years (2022: 1.6 years).

The inputs into the Black-Scholes model for the options granted during the year are as follows:

	LTIP	SAYE
Expected volatility	n/a	27%
Expected life	3 years	3 years
Risk-free rate	0.04%	0.04%
Expected dividends	2.6%	2.9%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the year prior to grant.

Notes to the Financial Statements continued

Year ended 31 March 2023

23. Share-based payments continued

Deferred bonus plan

The Executive Directors receive awards under the Deferred Bonus Plan. This is accounted for as an equity instrument. The plan was set up in July 2018. The vesting criteria and scheme mechanics are set out in the Directors' Remuneration Report.

24. Capital commitments

At 31 March 2023 the Group had £6.1 million of amounts contracted but not provided in respect of the Group's properties (2022: £20.9 million of capital commitments).

25. Events after the balance sheet date

There are no reportable post balance sheet events.

26. Cash flow notes

a) Reconciliation of profit after tax to cash generated from operations

	Note	2023 £000	2022 £000
Profit after tax		73,332	697,274
Taxation		1,977	1,602
Share of profit of associates		–	(3,677)
Other operating income	3	(2,185)	–
Investment income		(9)	(1,412)
Finance costs		17,027	10,604
Operating profit		90,142	704,391
Loss/(gain) on the revaluation of investment properties	14a, 15	29,861	(597,224)
Gain on disposal of investment property		–	(584)
Depreciation of plant, equipment, and owner-occupied property	14b	888	857
Depreciation of lease liability capital obligations	14a, 14b	1,569	1,659
Employee share options	6	3,735	3,390
Cash generated from operations pre working capital movements		126,195	112,489
Increase in inventories		(13)	(71)
(Increase)/decrease in receivables		(740)	1,550
Increase in payables		3,531	6,422
Cash generated from operations		128,973	120,390

26. Cash flow notes continued

b) Reconciliation of net cash flow movement to net debt

Note	2023 £000	2022 £000
Net decrease in cash and cash equivalents in the year	(276)	(3,717)
Cash flow from increase in debt financing ⁽¹⁾	(74,492)	(32,235)
Change in net debt resulting from cash flows	(74,768)	(35,952)
Debt consolidated following Armadillo acquisition	-	(50,900)
Movement in net debt in the year	(74,768)	(86,852)
Net debt at the start of the year	(411,830)	(324,978)
Net debt at the end of the year	18A (486,598)	(411,830)

⁽¹⁾ Made up of a net increase of £117.0 million in the RCF facility, repayment of the Armadillo loans of £39.5 million and repayments of the Aviva facility of £3.0 million (2022: made up of a net reduction of £53.5 million in the RCF facility, an increase of £50 million in the M&G facility, an increase of £50 million in the Aviva facility, repayments of the Aviva facility of £2.9 million, and repayments of the Armadillo loans of £11.4 million).

In line with IAS 1.41, this disclosure note has been represented to provide further detail and consistency in both years.

27. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Armadillo

As described in note 14, the Group had a 20% interest in Armadillo Storage Holding Company Limited and a 20% interest in Armadillo Storage Holding Company 2 Limited. The Group acquired the remaining interest in both companies that it did not own on 1 July 2021. From this date, the Companies were wholly owned subsidiaries of the Group and hence the transactions subsequent to that date are not disclosable. Up to the date of acquisition in 2021, the Group entered into transactions with the Companies on normal commercial terms and earned management fees of £238,000 from Armadillo 1 and £87,000 from Armadillo 2.

Key management personnel remuneration

Key management personnel are made up of our Executive and Non-Executive Directors, and in the current year following changes in the composition of the Board, a key Director of our main trading subsidiaries. The remuneration of the key management personnel of the Group, is set out below in aggregate. Further information on the remuneration of individual Directors is found in the audited part of the Directors' Remuneration Report on pages 104 to 111.

	31 March 2023 £000	31 March 2022 £000
Short term employee benefits	1,989	1,923
Post-employment benefits	91	87
Share-based payments	3,253	2,813
	5,333	4,823

AnyJunk Limited

Jim Gibson is a Non-Executive Director and shareholder in AnyJunk Limited and Adrian Lee is a shareholder in AnyJunk Limited. During the year AnyJunk Limited provided waste disposal services to the Group on normal commercial terms, amounting to £16,000 (2022: £10,000).

Notes to the Financial Statements continued

Year ended 31 March 2023

27. Related party transactions continued

London Children's Ballet

The Group signed a Section 106 agreement with Wandsworth Council relating to the development of our Battersea store, which required the Group to provide cultural space to Wandsworth Borough Council. In 2021, the Group granted a twenty year lease over this space to London Children's Ballet at a peppercorn rent, who in turn have agreed to enter into a Social Agreement with Wandsworth Borough Council coterminous with the lease. Jim Gibson is the Chairman of Trustees of the London Children's Ballet. London Children's Ballet rent storage space from the Group on normal commercial terms, amounting to £3,000 during the year (2022: £3,000). The Group sponsored a performance of the London Children's Ballet during the year, amounting to £8,000 (2022: £nil).

Doncaster Security Operations Centre Limited ("DSOC")

The Group has invested £588,000 in DSOC. DSOC provided alarm and CCTV monitoring services to the Group under normal commercial terms during the year, amounting to £301,000 (2022: £281,000).

Treepoints Limited

Jim Gibson is a Non-Executive Director and an investor in City Stasher Limited, which in turn has a minority investment in Treepoints Limited. Treepoints Limited provided offsetting tree planting services in respect of our online packing material sales, under normal commercial terms during the period, amounting to £8,000 (2022: £3,000).

Ukrainian Sponsorship Pathway UK

Nicholas Vetch and Heather Savory are trustees of a charity called Ukrainian Sponsorship Pathway UK ("USPUK") to help Ukrainians displaced by the war to travel to the UK as part of the "Homes for Ukraine" scheme. The charity has set up offices in Warsaw and Krakow and is one of the few that has been recognised for this purpose by the UK Government. We are proud to be financial supporters of this new charity and the Board approved a donation which was made in May 2022 of £50,000 (2022: £nil).

No other related party transactions took place during the years ended 31 March 2023 and 31 March 2022.

Company Balance Sheet

Year ended 31 March 2023

	Note	2023 £000	2022 £000
Non-current assets			
Plant, equipment, and owner-occupied property	30a	1,681	1,721
Investment in subsidiary companies	30b	35,085	31,350
Amounts owed by Group undertakings	31	800,436	764,740
		837,202	797,811
Current assets			
Trade and other receivables	31	853	148
Cash and cash equivalents		1	1
		854	149
Total assets		838,056	797,960
Current liabilities			
Trade and other payables	32a	(6,806)	(5,829)
Obligations under lease liabilities		(30)	(29)
		(6,836)	(5,858)
Non-current liabilities			
Obligations under lease liabilities		(44)	(69)
Bank borrowings	32b	(215,431)	(98,451)
		(215,475)	(98,520)
Total liabilities		(222,311)	(104,378)
Net assets		615,745	693,582
Equity			
Share capital	22	18,427	18,397
Share premium account		290,857	289,923
Reserves	28	306,461	385,262
Equity shareholders' funds		615,745	693,582

The Company reported a loss for the financial year ended 31 March 2023 of £2.6 million (2022: profit of £258.8 million). The financial statements and the income statement were approved by the Board of Directors and authorised for issue on 22 May 2023. They were signed on its behalf by:



Jim Gibson
Director



John Trotman
Director

Company Registration No. 03625199

The accompanying notes form part of the financial statements.

Financial Statements

Company Statement of Changes in Equity

Year ended 31 March 2023

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2022	18,397	289,923	74,950	1,795	309,536	(1,019)	693,582
Total comprehensive loss for the year	—	—	—	—	(2,576)	—	(2,576)
Issue of share capital	30	934	—	—	—	—	964
Dividend	—	—	—	—	(79,960)	—	(79,960)
Credit to equity for equity-settled share-based payments	—	—	—	—	3,735	—	3,735
At 31 March 2023	18,427	290,857	74,950	1,795	230,735	(1,019)	615,745

The Company's share capital is disclosed in note 22.

The own shares balance represents amounts held by the Employee Benefit Trust (see note 22).

Year ended 31 March 2022

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2021	17,588	192,218	74,950	1,795	116,047	(1,019)	401,579
Total comprehensive income for the year	—	—	—	—	258,797	—	258,797
Issue of share capital	809	97,705	—	—	—	—	98,514
Dividend	—	—	—	—	(68,698)	—	(68,698)
Credit to equity for equity-settled share-based payments	—	—	—	—	3,390	—	3,390
At 31 March 2022	18,397	289,923	74,950	1,795	309,536	(1,019)	693,582

The accompanying notes form part of the financial statements.

Notes to the Financial Statements continued

Year ended 31 March 2023

28. (Loss)/profit for the year

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the Company is not presented as part of these financial statements. The loss for the year attributable to equity shareholders dealt with in the financial statements of the Company was £2.6 million (2022: profit of £258.8 million).

29. Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for plant, equipment and owner-occupied property and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of group settled share-based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements have been prepared on the historic cost basis except that derivative financial instruments are stated at fair value. The Company's principal accounting policies are the same as those applied in the Group financial statements.

Going concern

See note 2 for the review of going concern for the Group and the Company.

Investment in subsidiaries

These are recognised at cost less provision for any impairment.

Bank borrowings

This is the Revolving Credit Facility Loan which is held by the Company. Please see note 19 for further information.

IFRIC 11, IFRS 2 Group and Treasury Share Transactions

The Company makes equity settled share-based payments to certain employees of certain subsidiary undertakings. Equity settled share-based payments that are made to the employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest. This is the only addition to investment in subsidiaries in the current year.

Financial Statements

Notes to the Financial Statements continued

Year ended 31 March 2023

30. Non-current assets**a) Plant, equipment, and owner-occupied property**

	Freehold property £000	Leasehold improve-ments £000	Fixtures, fittings & office equipment £000	IFRS 16 leases £000	Total £000
Cost					
At 31 March 2022	2,212	46	9	174	2,441
Additions	29	–	–	3	32
At 31 March 2023	2,241	46	9	177	2,473
Accumulated depreciation					
At 31 March 2022	(635)	(7)	–	(78)	(720)
Charge for the year	(43)	(1)	(2)	(26)	(72)
At 31 March 2023	(678)	(8)	(2)	(104)	(792)
Net book value					
At 31 March 2023	1,563	38	7	73	1,681
At 31 March 2022	1,577	39	9	96	1,721

b) Investments in subsidiary companies

	Investment in subsidiary undertakings £000
Cost	
At 31 March 2022	31,350
Additions	3,735
At 31 March 2023	35,085

The Directors assessed the carrying value of the investment in subsidiary undertakings for indicators of impairment. There were no indications of impairment.

30. Non-current assets continued

The Group's subsidiaries are all wholly-owned, the Group holds 100% of the voting power and the companies are incorporated, registered, and operate in England and Wales. The registered office of all subsidiaries is 2 The Deans, Bridge Road, Bagshot, Surrey, GU19 5AT. All subsidiaries are included in the consolidated accounts. The subsidiaries at 31 March 2023 are listed below:

Name of subsidiary	Principal activity
Apollo Self Storage Limited	Self storage
Armadillo Self Storage Limited	Self storage
Armadillo Self Storage 2 Limited	Self storage
Armadillo Storage Holding Company Limited	Holding Company
Armadillo Storage Holding Company 2 Limited	Holding Company
Armadillo Storage 1 Limited	Holding Company
Big Yellow Self Storage (GP) Limited	General Partner
Big Yellow Self Storage Company Limited	Self storage
Big Yellow (Battersea) Limited	Self storage
The Big Yellow Construction Company Limited	Construction management
The Big Yellow Holding Company Limited	Holding Company
Big Yellow Limited Partnership	Self storage
Big Yellow Nominee No. 1 Limited	Dormant
Big Yellow Nominee No. 2 Limited	Dormant
Big Yellow Self Storage Company 1 Limited	Dormant
Big Yellow Self Storage Company 2 Limited	Dormant
Big Yellow Self Storage Company 3 Limited	Dormant
Big Yellow Self Storage Company 4 Limited	Dormant
Big Yellow Self Storage Company A Limited	Self storage
Big Yellow Self Storage Company M Limited	Self storage
Big Yellow (Wapping 2) Limited	Self storage
BYRCo Limited	Property management
BYSSCo A Limited	Dormant
BYSSCo Limited	Self storage
Kator Storage Limited	Dormant
The Last Mile Company Limited	Holding Company
Quickstore Storage Limited	Self storage

In addition, the Group has a 100% interest in Pirbright Holdings Limited, a company registered in the British Virgin Islands. The company was acquired during the prior year, and the Group is in the process of liquidating the company.

In addition, the Group has a 100% interest in Pramerica B&I Investment Trust Jersey, a trust registered in Jersey.

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Notes to the Financial Statements continued

Year ended 31 March 2023

30. Non-current assets continued

Audit exemption statement

All subsidiary undertakings of Big Yellow Group PLC are included in the consolidated Financial Statements of the Group. The subsidiary undertakings noted below are exempt from the Companies Act 2006 (the 'Act') requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act, as Big Yellow Group PLC has guaranteed the liabilities of them under Section 479C of the Act. The members of these companies have not required them to obtain an audit of their financial statements for the year ended 31 March 2023:

Name of subsidiary	Name of subsidiary
Apollo Self Storage Limited	Big Yellow Self Storage Company 1 Limited
Armadillo Self Storage Limited	Big Yellow Self Storage Company 2 Limited
Armadillo Self Storage 2 Limited	Big Yellow Self Storage Company 3 Limited
Armadillo Storage Holding Company Limited	Big Yellow Self Storage Company 4 Limited
Armadillo Storage Holding Company 2 Limited	Big Yellow (Wapping 2) Limited
Armadillo Storage One Limited	BYRCo Limited
Big Yellow Self Storage (GP) Limited	BYSSCo Limited
Big Yellow (Battersea) Limited	BYSSCo A Limited
The Big Yellow Construction Company Limited	Kator Storage Limited
Big Yellow Holding Company Limited	The Last Mile Company Limited
Big Yellow Nominee No. 1 Limited	Quickstore Storage Limited
Big Yellow Nominee No. 2 Limited	

Under paragraph 7 of SI 2008 No 569 Big Yellow Limited Partnership is exempt from the requirement under paragraph 4 of that SI to prepare their annual accounts and reports, and have them audited, on the basis that the partnership is dealt with on a consolidated basis in the consolidated financial statements of the Company.

31. Trade and other receivables

	31 March 2023 £000	31 March 2022 £000
Non-current		
Amounts owed by Group undertakings	800,436	764,740
Current		
Prepayments and accrued income	853	148

Amounts owed by Group undertakings are unsecured. The Company recharges its external interest cost to its subsidiaries. Amounts owed by Group undertakings have historically had immaterial levels of bad debt, and the Directors have assessed for Expected Credit Losses and concluded that it would be immaterial.

32. Creditors

a) Trade and other payables

	31 March 2023 £000	31 March 2022 £000
Current (all due within one year)		
Other payables	6,348	5,530
Accruals and deferred income	458	299
	6,806	5,829

b) Bank borrowings

	31 March 2023 £000	31 March 2022 £000
Bank loan	216,000	99,000
Unamortised loan arrangement costs	(569)	(549)
	215,431	98,451

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Notes to the Financial Statements continued

Year ended 31 March 2023

33. Glossary

Absorption	The rate of growth in occupancy assumed within the external property valuations from the current occupancy level to the assumed stable occupancy level.
Adjusted earnings growth	The increase in adjusted eps year-on-year.
Adjusted eps	Adjusted profit after tax divided by the diluted weighted average number of shares in issue during the financial year.
Adjusted NAV	EPRA NTA adjusted for an investment property valuation carried out at purchasers' costs of 2.75%, see note 13.
Adjusted Profit Before Tax	The Company's pre-tax EPRA earnings measure with additional Company adjustments, see note 10.
Average net achieved rent per sq ft	Storage revenue divided by average occupied space over the financial year.
Average rental growth	The growth in average net achieved rent per sq ft year-on-year.
BREEAM	An environmental rating assessed under the Building Research Establishment's Environmental Assessment Method.
Carbon intensity	Carbon emissions divided by the Group's average occupied space.
Closing net rent per sq ft	Annual storage revenue generated from in-place customers divided by occupied space at the balance sheet date.
Committed facilities	Available undrawn debt facilities plus cash and cash equivalents.
Consolidated EBITDA	Consolidated EBITDA calculated in accordance with the terms of the Group's Revolving Credit Facility Agreement.
Debt	Long-term and short-term borrowings, as detailed in note 19, excluding lease liabilities and debt issue costs.
Earnings per share (eps)	Profit for the financial year attributable to equity shareholders divided by the average number of shares in issue during the financial year.
EBITDA	Earnings before interest, tax, depreciation, and amortisation.
EPRA	The European Public Real Estate Association, a real estate industry body. This organisation has issued Best Practice Recommendations with the intention of improving the transparency, comparability, and relevance of the published results of listed real estate companies in Europe.
EPRA earnings	The IFRS profit after taxation attributable to shareholders of the Company excluding investment property revaluations, gains/losses on investment property disposals and changes in the fair value of financial instruments.
EPRA earnings per share	EPRA earnings divided by the average number of shares in issue during the financial year, see note 12.
EPRA NTA per share	EPRA NTA divided by the diluted number of shares at the year end.
EPRA net tangible asset value (EPRA NTA)	IFRS net assets excluding the mark-to-market on interest rate derivatives, deferred taxation on property valuations where it arises, and intangible assets. It is adjusted for the dilutive impact of share options.
Equity	All capital and reserves of the Group attributable to equity holders of the Company.
Gross property assets	The sum of investment property and investment property under construction.
Gross value added	The measure of the value of goods and services produced in an area, industry, or sector of an economy.
Interest cover	The ratio of operating cash flow divided by interest paid (before working capital movements, exceptional finance costs, capitalised interest, and changes in fair value of interest rate derivatives). This metric is provided to give readers a clear view of the Group's financial position.
Like-for-like occupancy	Excludes the closing occupancy of new stores acquired, opened, or closed in the current financial year in both the current financial year and comparative figures. In 2023 this excludes Aberdeen, Harrow, Hayes, Hove, Kingston North, Uxbridge, and the Armadillo stores.
Like-for-like store revenue	Excludes the impact of new stores acquired, opened or stores closed in the current or preceding financial year in both the current year and comparative figures. In 2023 this excludes Aberdeen, Harrow, Hayes, Hove, Kingston North, Uxbridge, and the Armadillo stores.
LTV (loan to value)	Net debt expressed as a percentage of the external valuation of the Group's investment properties.
Maximum lettable area (MLA)	The total square foot (sq ft) available to rent to customers.
Move-ins	The number of customers taking a storage room in the defined period.
Move-outs	The number of customers vacating a storage room in the defined period.
NAV	Net asset value.
Net debt	Gross borrowings less cash and cash equivalents.
Net initial yield	The forthcoming year's net operating income expressed as a percentage of capital value, after adding notional purchaser's costs pre administrative expenses.
Net operating income	Store EBITDA after an allocation of central overhead.
Net operating income on stabilisation	The projected net operating income delivered by a store when it reaches a stable level of occupancy.
Net promoter score (NPS)	The Net Promoter Score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. The Company measures NPS based on surveys sent to all its move-ins and move-outs.

33. Glossary continued

Net Renewable Energy Positive	Big Yellow's strategy is that by 2030 the Group will generate as much renewable energy as it is able to across its store portfolio and meet any remaining Scope 1 and Scope 2 emissions via the retirement of REGOs from offsite energy generation.
Net rent per sq ft	Storage revenue generated from in place customers divided by occupancy.
Net Zero Strategy	The Group's published strategy to have Net Zero Scope 1, 2 and 3 Emissions.
Non like-for-like stores	Stores excluded from like-for-like metrics, as they were acquired, opened or closed in the current or preceding financial year. In 2023 this excludes Aberdeen, Harrow, Hayes, Hove, Kingston North, Uxbridge, and the Armadillo stores.
Occupancy	The space occupied by customers divided by the MLA expressed as a %.
Occupied space	The space occupied by customers in sq ft.
Other storage related income	Packing materials, insurance, and other storage related fees.
Pipeline	The Group's development sites.
Property Income Distribution (PID)	A dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax-exempt property rental business, and which is taxable for UK-resident shareholders at their marginal tax rate.
REGO	Renewable Energy Guarantees of Origin
REIT	Real Estate Investment Trust. A tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain conditions.
REVPAF	Total store revenue divided by the average maximum lettable area in the period.
Store EBITDA	Store earnings before interest, tax, depreciation, and amortisation, see reconciliation in the portfolio summary.
Store revenue	Revenue earned from the Group's open self storage centres.
TCFD	Task Force on Climate Related Financial Disclosure.
Total shareholder return (TSR)	The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional units of shares.

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Ten Year Summary

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m
Results										
Revenue	188.8	171.3	135.2	129.3	125.4	116.7	109.1	101.4	84.3	72.2
Operating profit before gains and losses on property assets	120.0	106.6	81.5	80.0	76.7	70.9	65.3	59.9	48.4	39.5
Cash flow from operating activities	112.0	107.1	76.7	73.6	72.2	63.0	56.0	55.5	42.4	32.8
Profit before taxation	75.3	698.9	265.8	93.4	126.9	134.1	99.8	112.2	105.2	59.8
Adjusted profit before taxation	106.0	96.8	74.6	71.0	67.5	61.4	54.6	49.0	39.4	29.2
Net assets	2,182.4	2,184.4	1,453.9	1,163.9	1,123.9	981.1	890.4	829.4	750.9	594.1
Diluted EPRA earnings per share	56.5p	52.5p	42.4p	42.1p	41.4p	38.5p	34.5p	31.1p	27.1p	20.5p
Declared total dividend per share	45.2p	42.0p	34.0p	33.8p	33.2p	30.8p	27.6p	24.9p	21.7p	16.4p
Key statistics										
Number of stores open**	108	105	78	75	74	74	73	71	69	66
Store MLA (000 sq ft)	6,292	6,098	4,930	4,688	4,622	4,631	4,551	4,464	4,344	4,170
Sq ft occupied (000)**	5,088	5,107	4,201	3,781	3,810	3,730	3,551	3,363	3,178	2,832
Occupancy (decrease)/increase in year (000 sq ft)*	(19)	906	420	(29)	80	179	188	185	346	200
Closing net rent per sq ft**	£32.48	£29.92	£28.71	£28.15	£27.28	£26.74	£26.03	£25.90	£25.23	£24.85
Number of occupied rooms**	73,000	73,000	62,000	56,500	56,000	55,000	52,500	50,000	47,250	41,800
Average number of employees during the year**	465	427	370	361	347	335	329	318	300	289

* The occupancy growth in 2015, 2017, 2022 and 2023 includes the acquisition of existing stores.

** From 2022 this includes the Armadillo stores, which the Group acquired the remaining 80% of which it did not previously own on 1 July 2021.

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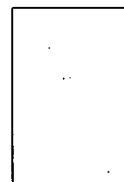
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